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Vol. I.

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 588.

ILLINOIS CENTRAL RAILROAD COMPANY, GULF AND SHIP ISLAND RAILROAD COMPANY, SOUTHERN RAILWAY COMPANY, ET AL., APPELLANTS,

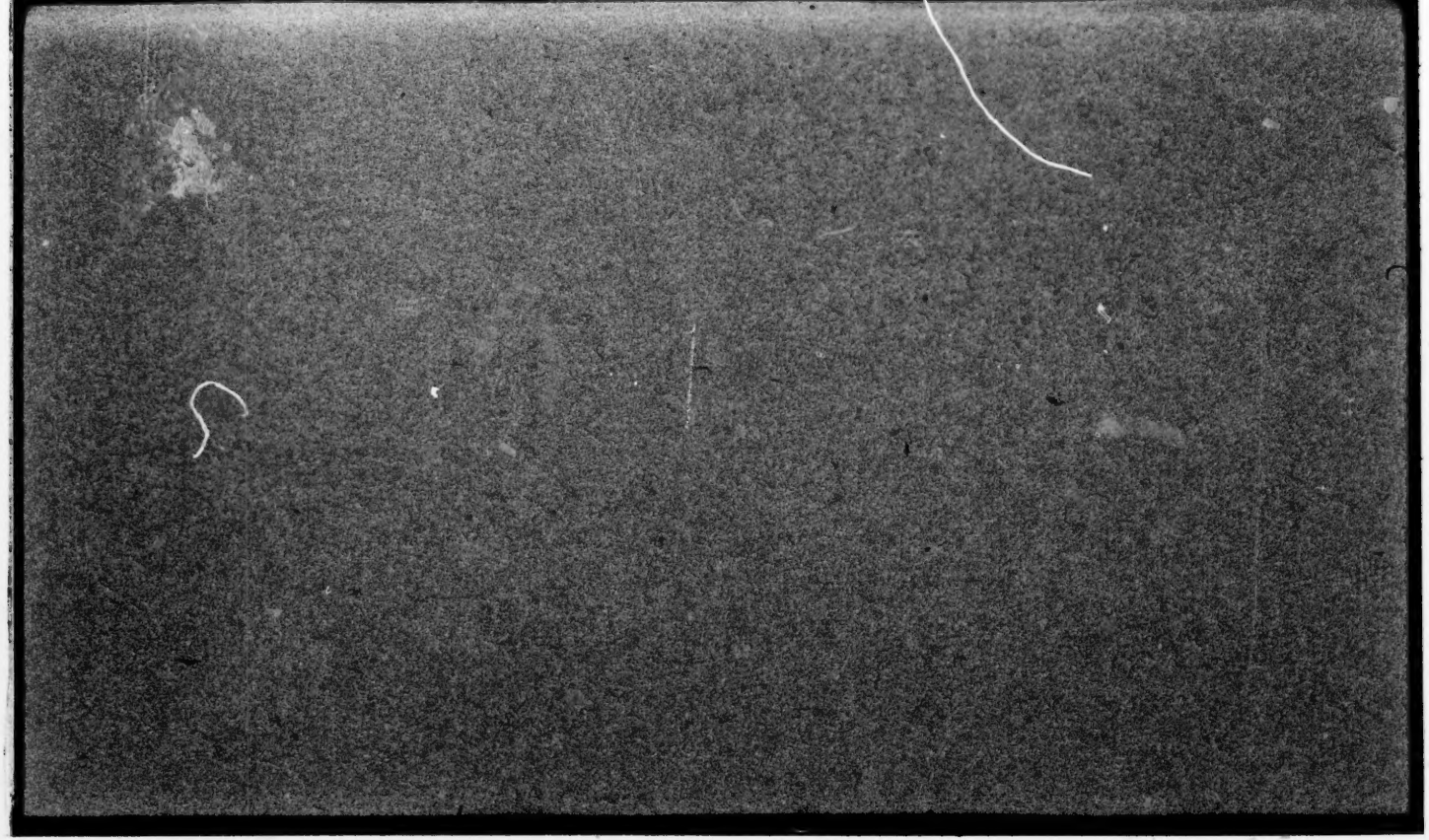
vs.

THE INTERSTATE COMMERCE COMMISSION.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

FILED JANUARY 29, 1907.

(20,553.)



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a UNITED STATES OF AMERICA:

Circuit Court of the United States for the Fifth Circuit and Eastern District of Louisiana.

No. 13346. In Equity.

THE INTERSTATE COMMERCE COMMISSION, Appellee,

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY, Appellants.

W. W. Howe, Esq., U. S. District Attorney, and R. E. Foster, Asst. U. S. Atty., T. M. Miller, Esq., Special U. S. Attorney, L. A. Shaver, Esq., and Green & Green, Esqrs., for The Interstate Commerce Commission, Appellee.

Ed Baxter, Esq., Special Counsel, and Sidney L. Andrews, Esq., Ass't Special Counsel for the Defendants, Appellants.

Appeal from the Circuit Court of the United States for the Fifth Judicial Circuit and Eastern District of Louisiana to the Supreme Court of the United States, returnable at the City of Washington, D. C., within Thirty Days from the Thirtieth (30th) day of November, A. D. 1906.

Extension of Thirty Days' time from and beyond December 30th, 1906, for the return of the Appeal, granted by the Circuit Court of the United States for the Eastern District of Louisiana, in accordance with Rule 9 of the Supreme Court of the United States.

1 *Bill of Complaint.*

Filed June 17, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

To the Circuit Court of the United States, sitting in equity, within and for the Eastern District of Louisiana:

Your petitioner, the Interstate Commerce Commission, which was created and established and now exists under and by virtue of an act of the Congress of the United States, entitled "An act to regulate commerce," approved February 4, 1887, as amended by an act approved March 2, 1899, and an act approved February 10, 1891, and an act approved February 11, 1895, humbly complaining, showeth:

I. That the Illinois Central Railroad Company is a corporation chartered under the laws of the State of Illinois, having its principal office in Chicago, in said State; that the Gulf and Ship Island Railroad Company is a corporation chartered under the laws of the State of Mississippi, having its principal office in Gulf Port, in said State; that the Southern Railway Company is a corporation, chartered under the laws of Virginia, having its principal office in Richmond, in said State; that the Mobile and Ohio Railroad Company is a corporation, chartered under the laws of the States of Alabama, Mississippi, Tennessee, and Kentucky, having its principal office in Mobile, in the State of Alabama; that the New Orleans and Northeastern Railroad Company is a corporation, chartered under the laws of the State of Louisiana, having its principal office in New Orleans, in said State; that the Alabama Great Southern Railroad Company is a corporation, chartered under the laws of the State of Alabama, having its principal office in Birmingham, in said State; that the Cincinnati, New Orleans and Texas Pacific Railway Company is a corporation, chartered under the laws of the State of Ohio, having its principal office in Cincinnati, in said State; that the Alabama and Vicksburg Railway Company is a corporation, chartered under the laws of the State of Mississippi, having its principal

office in New Orleans, in the State of Louisiana; and that the
2 Louisville and Nashville Railroad Company is a corporation, chartered under the laws of the State of Kentucky, having its principal office in Louisville, in said State.

II. That the defendants above named were on the 24th day of July, 1903, and ever since have been and still are common carriers engaged in the transportation of persons and property by railroad under joint through rates and as members of continuous through lines between points in different States of the United States, and particularly in the transportation of lumber from lumber shipping points on their respective lines in the State of Louisiana east of the Mississippi River and in the States of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as "Ohio River points," and to points north of the Ohio River and on and east of the Mississippi River, and as such common carriers and in respect to such transportation were and are subject to the provisions of the said act to regulate commerce and the amendments thereto.

III. That on said 24th day of July, 1903, the Central Yellow Pine Association, composed of persons, firms, and corporations engaged in the business of manufacturing and handling yellow-pine lumber in the States of Mississippi and Alabama and that part of Louisiana east of the Mississippi River, filed, under section 13 of the said act to regulate commerce, a petition or complaint to complainant herein, the Interstate Commerce Commission, alleging violations on the part of the defendants of certain provisions of said act, as at large and more fully appears in and by the said complaint or petition on file in the office of complainant herein, a copy whereof is hereunto annexed and made a part of this bill of complaint as Exhibit A; and that a copy of said Exhibit A, attested by the secretary of complainant under the seal of complainant, was duly forwarded by complainant to each of said defendants, as required by section 13 of said act.

IV. That on August 15, 1903, the defendants filed answers to said complaint, Exhibit A hereto, and on November 5, 1903, the Gulf and Ship Island Railroad Company filed a supplement and amendment to its original answer to said Exhibit A, as at large and more fully appears in and by said answers on file in the office of the complainant herein, copies of which are hereto annexed and made parts of this petition as exhibits from B to F, both inclusive.

V. That thereafterwards the said cause, being at issue upon the pleadings aforesaid, duly came on for investigation and hearing before the complainant herein, the said Interstate Commerce Commission, at New Orleans, in the State of Louisiana, on, to wit, December 8, 9, 10, 11, and 12, 1903, and at Washington, in the District of Columbia, on, to wit, February 15, 16, and 17, 1904,
3 at which times and places the parties complainant and defendant appeared by their attorneys, or had due notice to appear, and testimony was taken in behalf of said parties.

VI. That on February 7, 1905, the complainant herein duly determined the matter in controversy between the said parties before

it and made a report in writing in respect thereof, setting forth its findings of fact and its conclusion based on said findings, namely, that an advance, made April 15, 1903, by all the defendants except the Louisville and Nashville Railroad Company and by that company on June 22, 1903, of 2 cents in the rate on lumber in carloads, from shipping points in Louisiana east of the Mississippi River and in the States of Mississippi and Alabama, to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, was not warranted, and that the resultant increased rates were unreasonable and unjust, in violation of the act to regulate commerce, as at large and more fully appears in and by the said report of complainant, a copy whereof is hereunto annexed and made part of this petition or bill of complaint, as Exhibit G.

VII. That forthwith upon the determination of said cause, as aforesaid, on, to wit, said 7th day of February, 1905, the complainant duly formulated an order and notice in the premises based upon its said findings and conclusion, requiring the defendants to cease and desist on or before April 1, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per hundred pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber as aforesaid, which said order now remains in full force and effect and a copy whereof is hereunto annexed and made part of this bill of complaint, as Exhibit H. The said order, Exhibit H hereto, was directed to and embraced not only the defendants herein, but also the Mobile, Jackson and Kansas City Railroad Company, an original party defendant to the complaint, Exhibit A hereto, but, it appearing that said complaint had been dismissed as to said railroad company, a subsequent order was made by complainant amending its said order, Exhibit H hereto, by striking therefrom the name of the said railroad company.

VIII. That the complainant, agreeably to the provisions of the law in that regard, duly caused a properly authenticated copy of its said report, Exhibit G hereunto, together with its said order, Exhibit H hereunto, to be delivered to said defendants herein, and complainant shows that the said defendants, unmindful of their duty in that regard have, throug' their officers, servants, and attorneys, wholly disregarded and set at naught said order of complainant, Exhibit H hereto, and have willfully and knowingly violated and disobeyed the same, and still do neglect and refuse to comply with the same or any part thereof.

4 IX. And the complainant charges that the said advance of 2 cents in the said lumber rates was and is unwarranted and has resulted in rates excessive, unreasonable, and unjust, in violation of the act to regulate commerce.

X. Wherefore the complainant prays:

1. That a subpœna or other suitable process may issue according to the course of equity, requiring the said defendants herein, and each of them, to appear at such time and place as this honorable court may determine, then and there to make full, complete, and perfect answer to all the matters and things hereinabove stated and charged as fully and particularly as if each of the said defendants were spe

cially interrogated in regard thereto, but not under oath, which is hereby waived.

2. That upon the filing of this petition an order may be made by this honorable court directing the method of service of notice of the pendency of this proceeding.

3. That such order or orders may be passed pending the cause as will secure a speedy hearing and determination of the matters and things stated and charged in the foregoing bill of complaint.

4. That such order or orders may be passed pending the cause as may be necessary for the prosecution of all such inquiries as the court may think needful and lawful to enable it to form a just judgment in the matters and things stated and charged in the foregoing bill of complaint.

5. That upon the final hearing hereof a decree may be entered granting to complainant a writ of injunction, or other proper process, mandatory or otherwise, to restrain the said defendants, and each of them, and their respective officers, servants, and agents, from further continuing in their violation of and disobedience to the said order of the Commission.

6. That a decree may be entered requiring the said defendants, and each of them, to pay such sum of money not exceeding the sum of $500 for every day, after a day to be named in such decree, that they shall respectively fail to obey the said injunction or other proper process.

7. That a decree may be entered requiring the said defendants to pay the costs of this proceeding and reasonable counsel fees.

8. For such other and further relief in the premises as to the court may seem meet and justice and the equities of the cause may require.

THE INTERSTATE COMMERCE COMMISSION,
By EDW. A. MOSELEY,
The Secretary Thereof, Thereunto Duly Authorized.

5 EXHIBIT A.

6 Before the Interstate Commerce Commission.

THE CENTRAL YELLOW PINE ASSOCIATION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON AND KANSAS CITY RAILROAD COMPANY.

The complainant, which is a voluntary association composed of the several persons, firms, and corporations set forth upon the list hereto annexed and made a part hereof, with respect shows:

I.

That its several members are engaged in the business of manufacturing and shipping yellow-pine lumber in and from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River; that their business is almost exclusively interstate commerce, as they find the chief markets for their products in other States than those in which their lumber mills and plants are located, and mainly in the several States north of Cairo, Illinois, and are all dependent for transportation to the markets of the country upon the several railroad companies above mentioned.

II.

That the said defendant railroad companies either run through or into the yellow-pine region of the States wherein are located the said mills and lumber plants of complainants' members, or connected with those which do so run, and, under joint arrangements with each other and other connecting lines of railway, as well as upon their own tracks, are engaged in the transportation of persons and property from the State of Louisiana east of the Mississippi River and the States of Mississippi and Alabama by continuous all-rail carriage to points on and north of the Ohio River and to points on and east of the Mississippi River and into what is called Central Traffic Territory and generally to points in the Western, Northern, and Eastern States; and therefore the defendants are all subject to the provisions of the act to regulate commerce, approved February 4th, 1887, and all acts supplemental to and amendatory thereof.

7 III.

That, from time to time, within the past few years the said defendants have raised their tariff for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located to points in the territory described in paragraph two hereof so that their respective through or joint tariffs, effective prior to April 15th, 1903, contained really higher charges for the transportation of yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow, and complainant refers to the joint tariffs of said defendants on file with this honorable Commission.

That said defendant railroad companies falsely assuming that the yellow-pine industry was enjoying an era of unexampled prosperity, and that its manufactured products were continually increasing in value, and claiming the right to share in their assumed prosperity conceived the plan and purpose of laying an advance of two cents and more per 100 pounds in the freight rate from all points in the yellow-pine region to all points in the territory described in paragraph two hereof, and to that end they began to collude and conspire with the several railroad companies carrying yellow-pine lumber into the same markets from the entire yellow-pine regions east and west of the Mississippi River, and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida,

and the Carolinas and, in pursuance of said plan and purpose, the said defendant railroads, either through their traffic managers or through the Southeast Mississippi Valley Association, to which they or most of them belong, being an association formed, as complainant is informed, believes, and charges, for the purpose of stifling competition with each other and other railroads competing in the same markets, held secret meetings with the traffic managers of the other railroad companies engaged in the transportation of yellow-pine lumber to the same market. Said meetings being held at Jacksonville, Florida, New Orleans, Louisiana, and finally, on January 30th, 1903, at St. Louis, Missouri, and at said last meeting the traffic managers or other authorized representatives of the defendant companies agreed with the representatives of all the other carriers of yellow-pine lumber to increase the freight rate on yellow-pine lumber from all stations where manufactured and shipped to all points in the territory described in paragraph two hereof, and in accordance with said agreement, all of said carriers of yellow-pine lumber proceeded forthwith to adopt and file with this honorable Commission and promulgate joint freight tariffs effective March 1st, 1903, whereby they advance the previously existing rate two cents, three cents, four cents, and five cents per 100 pounds, the said
8 agreement and tariff relating and applying only to yellow-pine lumber; that on account of strong protests from all shippers of yellow-pine lumber based at first mainly on the brevity of notice given and the fact that all had contracts for the delivery of lumber based on the existing rate which could not be fulfilled within the time, said defendant railroad companies and all other railroads carrying yellow-pine lumber, in short, all the parties to said unlawful agreement postponed the operation and effectiveness of said tariff to April 15th, 1903, and filed their tariff schedules with this honorable Commission accordingly, to which reference is made. That defendant Louisville & Nashville Railroad Company after promulgating said rate withdrew it, and afterwards made it effective June 22nd, 1903.

IV.

That from and since the 15th day of April, 1903, the said defendant railroads, save the Louisville & Nashville Railroad Company, and as to it since June 22nd, 1903, have exacted and are still exacting from the members of complainant association and all others similarly circumstanced, the said advance of two cents, three cents, four cents, and five cents per 100 pounds; that is to say, have put into effect and continued in effect their several joint tariffs from that date with each other or their several connecting lines involving the said increase. And complainant states that while the said respective joint tariffs filed with this honorable Commission by said defendants do not indicate the proportion received by the several lines of railway participating in the carriage of said lumber from and to the points and stations therein named, said advance is absorbed entirely by the defendants, respectively, as an addition to their proportion of the division of the said rate, and that their railway connections north of

the Ohio River, or some of them, advised against the said increase upon the ground that the tariff before that time in force afforded adequate remuneration to all participating carriers.

V.

That the lumber-carrying railroads west of the Mississippi River which participated in said unlawful combination and which adopted and promulgated tariffs accordingly, or some of them, have since receded therefrom and restored the rate effective prior to April 15th, 1903, and that the lumber mills on said railroads are competitors with the members of complainant association in the sale of yellow-pine lumber in the territories aforesaid, and thereby said mills west of the Mississippi River have through said rate an undue advantage.

9 VI.

That said increase shown by the several revised tariffs of these defendant companies, effective April 15th, 1903, on yellow-pine lumber, is unjust, unreasonable, arbitrary, unlawful, discriminatory, and in direct contravention of the provisions of said act to regulate commerce and is destructive of and highly injurious to the business of complainants and others similarly situated, and largely impairs the value of their properties by the placing of an unnecessary and grievous burden and tax upon the transportation of their products by rendering practicably inaccessible their available markets and defeating equal competition in said large territory without any cause; that said unjust and unlawful increase imposes upon yellow-pine lumber shipped by complainants members and others similarly situated so carried in interstate commerce under like circumstances and conditions, an excessive burden out of line with and far more grievous than is sustained by the same products from other points as aforesaid and by other products and commodities of like weight, cost of carriage, value of product, service, and all other conditions considered.

VII.

That the annual average output of yellow-pine lumber of the mills belonging to and operated by the members of complainant association approximates over 1,500,000 feet per annum, of the value at the mills of about $6,000,000, not less than three-fourths of which is shipped into the territory above mentioned in competition with similar lumber from other pine-producing States, and is directly and injuriously affected by the said unlawful, excessive, and unjust rate; that said lowest increase, even of two cents per 100 pounds, equals from forty to ninety cents per 1,000 feet, depending on weight or quantity of the lumber, and will amount annually to from $400,000 to $800,000 in additional freights on their lumber shipped to the territory affected.

VIII.

Claimants show that said tariffs, effective April 15, 1903, since and now, are unjust, unreasonable, excessive, discriminatory, and arbi-

trary, and contrary to the provisions of said act of Congress approved February 4, 1887, and the several acts supplemental to and amendatory thereof, in this:

(*a*) That under defendants' rates in force just prior to April 15, 1903, yellow-pine lumber was an exceedingly profitable commodity to the carrier, and the carrier under said rates received even more than it was entitled justly to receive, so that no increase is reasonable nor is the rate itself so.

(*b*) That under said previously existing rates, yellow-pine lumber yielded the most or nearly the most profit to the railroad of any freight originating in the southern territory, value, tonnage, and cost of handling considered; that the value being small, the tonnage being very great, the cost of handling being comparatively small, and being practically indestructible, it could be transported in any kind of cars the railroads might have empty.

(*c*) That the average freight on yellow-pine lumber from complainants' mills to points of destination aforesaid amounts in the aggregate to a sum equaling or nearly equaling the value of the products at the point of shipment. From points within the State of Mississippi more than $10,000,000 is annually paid to the defendants and their connections for transporting to market said yellow-pine lumber valued at the mills at about the same sum; that the rate in force just preceding April 15, 1903, was greater than should have been charged to insure reasonable, just, and lawful compensation to the carriers.

(*d*) That in the course of manufacture a large portion of the yellow-pine products of the complainants' mills is of low grade, which they were barely able to market under the previous tariff, which generally more than equals its value; that with the present addition, said low grade, about thirty-three and one-third per cent. of the entire product will not be able to compete in the same market with other low-grade lumber.

(*e*) That said previous rate on yellow-pine lumber, as is the present rate, was greater per ton per mile than on coal, pig iron, cement, and other like products, value, weight, and cost of handling considered, and yielded an ample profit to the carrier.

(*f*) That the character of yellow-pine lumber shipped in part is of such grade that for its transportation the carrier furnishes platform or coal cars, which the shippers are required to equip with standards, braces, and strips at their own expense, and of a high-grade lumber, costing the shippers from Mississippi alone from fifty to one hundred thousand dollars a year, or an average of ($2.50) two dollars and fifty cents to three dollars ($3.00) per car, and, in addition, the shippers are required to pay freight on the increased weight caused by said equipment, amounting on an average to three dollars ($3.00) per car, aggregating in round numbers six dollars ($6.00) per car.

(*g*) That the railroads transporting yellow-pine lumber from the yellow-pine regions of Arkansas and Trans-Mississippi Louisiana, and which compete with the products of complainants' mills on the

same market, not only charged lower freight rates to their
11 patrons, but allowed them a rebate in the shape of so-called tap-line divisions to the logging railroads owned by them and used to bring logs from the woods to their sawmills.

Thus, through the action of the defendant carriers in unduly advancing their rates, complainant members are placed at a double disadvantage in at least all markets reached by Cairo, Illinois, as a basing point.

(*h*) That said advance in rates is an unjust and unreasonable burden upon complainants and the public, in that during the fiscal year 1902-1903 said defendant companies earned an unusually and unreasonably large net profit in their business and upon the actual capital invested therein. That the capital stock of each of defendant companies grossly exceeds as to the public and as a basis for rates the actual value of the construction and equipment of said defendant railroads; and that, as to the public and as a basis for rates, the bonded indebtedness of each of said defendants grossly exceeds the fair value of the property of defendants. And that it is unjust and unreasonable to impose this increase in rates as an additional burden to pay dividends on said excess of stock and principal and interest on said excess of bonds. And that upon the basis value on which the defendants are entitled to earn a reasonable compensation the existing rates on yellow-pine lumber are unreasonable and unjust, and that on a proper basis and on the basis on which the defendants are entitled to charge the present rate is unjust, unlawful, and unreasonable.

IX.

That in response to complainants' protest against said unjust and unreasonable advance said defendants, or several of them, protested that the value of and demand for yellow-pine lumber is so great and so constantly increasing that complainant need only make a corresponding advance in their prices and that their customers would pay it; but even if that be true, as it is not, it would still be the duty of complainant's members to protect their customers and the public against such unlawful exaction; that the members of complainant association have already lost ground in the market above mentioned on account of the disadvantage to which they are so put by said advance in freight; that while the prices of yellow-pine lumber have remained practically stationary during the last year, the cost of production has largely increased, so that now, independently of said advance in freight, the profits of manufacture are not equal to those of a year ago, and are not a reasonable return to the manufacturers upon the money invested, so that the hypothesis upon which defendants acted had no existence in fact.

X.

12 That said increase placed complainants' product at an unfair disadvantage with other woods and lumber in competing markets and was unnecessary to enable defendants to earn a reasonable return

upon their investments. And, while defendants pretend that their increased expenses absorb their increased receipts from traffic, still, as a matter of fact, their increased expenses and outlays the past winter were largely due to the lax and unbusinesslike methods in which the- handled their business; to the fact that their tracks and yards were congested with freight; that too much time and labor were consumed in handling property in transportation; that they had insufficient cars and locomotives; that with their improved service and equipment their net revenues had been and are now yielding a largely increased return upon the value of their investment, already unreasonably large over and above the cost of operation and maintenance, without placing such unfair burden upon their patrons engaged in the manufacture of yellow-pine lumber.

Prayer.

The premises considered, complainant respectfully prays that all the above-named railroad companies be cited to appear and answer this petition and show cause, if any they can, why they have made the unjust, unlawful, unreasonable, arbitrary, and discriminatory freight rates on yellow-pine lumber now effective. That this honorable Commission will take up and investigate the matter of this complaint and, after due proceedings, will enter an order declaring said rate now in effect excessive, unjust, and unreasonable, and unlawful as well as discriminative and violative of this act to regulate commerce and of the several acts amendatory thereof and supplementary thereto. That it will further order and command said defendants to desist from enforcing said unlawful and unreasonable tariffs now effective on yellow-pine lumber. And that this honorable Commission will grant all further and appropriate orders and relief.

CENTRAL YELLOW PINE ASSOCIATION,
By J. H. HINTON, *President.*
T. W. MILLER,
MARCELLUS GREEN,
G. W. GREEN,
Solicitors for Complainant.

13 EXHIBIT TO FOREGOING EXHIBIT.

List of Persons, Firms, and Corporations Composing the Central Yellow Pine Association.

Amos Kent Lbr. & Brick Co., Kentwood, La.
Banner Lbr. Co., Kentwood, La.
Sutherland-Innes Co., Hanson City, La.
C. W. Robinson Lumber Company, New Orleans, La.
Eastman-Gardner & Co., Laurel, Miss.
Camp & Hinton Co., Lumberton, Miss.

A. S. Hinton & Co., Lumberton, Miss.
R. W. Hinton, Lumberton, Miss.
Eureka Lumber Co., Eastabuchie, Miss.
A. W. Stevens Lumber Co., Chatawa, Miss.
Tipton Lumber Co.
Lacey Lumber Co., Lacey, Miss.
Pine Grove Lumber Co.
E. A. Watson Lumber Co.
Champion Lumber Co., Orvisburg, Miss.
Pearl River Lumber Co., Brookhaven, Miss.
Fernwood Lumber Company, Enochs Bros., Fernwood, Miss.
Butterfield Lumber Co., Norfield, Miss.
Marbury Lumber Co., Marbury, Ala.
Henderson Lumber Co., Sanford, Ala.
Henderson & Boyd, Enterprise, Ala.
T. H. Johnson & Co., Birmingham, Ala.
Cedar Creek Mill Co., Brewton, Ala.
Blacksher-Miller Lbr. Co., Brewton, Ala.
Horseshoe Lumber Co., River Falls, Ala.
Lathrop-Hatton Lbr. Co., Riverside, Ala.
Lathrop Lumber Co., Birmingham, Ala.
Yellow Pine Lumber Co., Yellow Pine, Ala.
Twin Tree Lumber Co., Maplesville, Ala.
Stewart Lumber Co., Brinson, Ga.
J. J. White, McComb City, Miss.

14 EXHIBIT B.

15 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Answer.

The Mobile and Ohio Railroad Company, one of the defendants in the above cause, with respect shows:

I.

Defendant admits that the members of the Central Yellow Pine Association are engaged in the business of manufacturing and shipping yellow-pine lumber in and from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River. Defendant has no knowledge as to whether the business of complainants generally is almost exclusively interstate commerce, but states that the business of one of the only two members of said association on its line, to wit, the Yellow Pine Lumber Company, of Yellow Pine, Ala.,

is not almost exclusively interstate commerce; to the contrary, a good proportion of its business is export business through the port of Mobile, on which an altogether different rate applies, as is shown by the following figures:

Month.	Year.	Number of cars.	
		Export.	Interstate.
April	1903	48	15
May	1903	23	32
June	1903	31	17
Total		102	64

Defendant admits that the members of said association are dependent for transportation to the markets of the country upon the several railroad companies defendants in this cause.

II.

Defendant admits the allegations in Paragraph II.

16 III.

Defendant denies that from time to time within the past few years it has raised its tariff for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located to points in the territory described in Paragraph II of complaint.

Defendant states that only once within the past four years prior to the advance made April 15th herein complained of, to wit, on September 7th, 1899, has it raised the rate on lumber from stations where the mills of members of the association are located to territory described in Paragraph II of complaint, and says that said increase made on that date was 2 cents per hundred pounds, of which it received only 1 cent, the other cent going to roads north of the Ohio, and where the increase made at that time, September 7th, 1899, was greater than 2 cents, all over 1 cent went to roads north of the Ohio River, *i. e.*, the rate on lumber from points in this district to Cairo, Ill., was 13 cents and had been increased to 14 cents per hundred pounds, while the rate from Cairo to Chicago had been 9 and was increased to 10 cents, showing that although there was a total increase of 2 cents this defendant only secured 1 cent of such increase. In proof of the above denial it refers to its tariff No. I. S. 1677, on file with this honorable Commission.

Defendant denies that its through or joint tariffs effective prior to April 15th, 1903, contained really higher charges for the transporta-

tion of the yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow. In support of this denial it says that improved market conditions at that time resulted in a great increase in the price of lumber, which fully justified said increase in rate, in view of the increased cost of operating its railroad and in view of the fact that this commodity, considering the character and volume of such business handled, was not yielding its proportion of revenue required by this railroad to meet expenses.

Defendant denies that it falsely assumes that the yellow-pine industry was enjoying an era of unexampled prosperity and that its manufactured products were continually increasing in value. In support of this denial defendant states that in spite of the advance in the price of timbered land of nearly one hundred per cent. in the last few years a number of lumber-manufacturing plants have been located along its line in Mississippi and Alabama; that at this time all plants along its line are running full time and some of them night and day; that they have orders placed for their entire output and that they state that their business was never in such good shape and on such a sound basis; that the average price paid by this de-
17 fendant for lumber in 1898 was $9.25 per thousand feet, in 1903 $14.00 per thousand feet, an increase in price of $4.75.

Defendant denies that it claimed the right to share in any assumed prosperity, but says that general prosperity has so increased all operating expenses of its railroad (as is shown by the following table) that it deemed itself entitled to sufficient share in that prosperity to enable it not to show any decreased percentage of earning capacity in proportion to business handled. Statement of increased operating expenses is as follows:

Mobile and Ohio Railroad Company paid as follows:

Average Daily Pay.

	Engineers.	Firemen.	Conductors.	Brakemen.
1899	$4.72	$2.52	$3.22	$2.08
1903	6.31	3.27	4.89	3.36

Steel Rail.

Year ending June 30th, 1898	$18.00
Year ending June 30th, 1902	28.00

Engine.

(Of same character each instance.)

1898	$9,250.00
1902	15,575.00

Box Cars.

1898	$480.00
1902	673.00

Flat Cars.

1898	$290.00
1902	851.00

Coal Cars.

1898	$435.00
1902	679.00

Defendant, further answering, states that lumber is now and has been for several years past yielding to the shipper almost the greatest, if not the greatest, profit of any commodity handled over its lines, and since the rates on other commodities—for instance, machinery, engines, boilers, sisal, rosin, cotton, and grain—have been increased since any increase was made in the rate on lumber, this defendant decided that a raise of two cents per hundred pounds was just, fair, and reasonable.

Defendant denies that it conspired or colluded with the several railroad companies carrying yellow-pine lumber into the
18 same markets from the entire yellow-pine regions east and west of the Mississippi River, and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas. Defendant states that its action in increasing said rate was independent and for itself alone.

Defendant denies that in pursuance of any plan or purpose to advance lumber rates it held secret meetings with other roads through its traffic manager or the Southeastern Mississippi Valley Association. It admits that it is a member of the Southeastern Mississippi Valley Association. It admits that its traffic officials met the traffic officials of other roads and that said meetings were held at Jacksonville, Florida, New Orleans, Louisiana, and St. Louis, Missouri. It states that such meetings for discussion and interchange of views are as necessary to complainants' protection as its own. It denies that the Southeastern Mississippi Valley Association is formed for the purpose of stifling competition between its members and other roads competing in the same market. In support of this denial it attaches hereto as Exhibit A, and makes a part of this answer, the articles of association of the Southeastern Mississippi Valley Association, which is a true and correct copy of the only articles of association of the Southeastern Mississippi Valley Association now in existence or that has been in existence since August 14th, 1902. In further answer to this charge it states, on information and belief, that the Central Yellow Pine Association, complainant in this cause, is an association organized and maintained for the purpose of stifling competition among its members and is a combine in restraint of trade and commerce in yellow-pine lumber among the several States of the United States.

In further answer to this charge, this defendant charges, on information and belief, that said Central Yellow Pine Association is an unlawful and illegal association and a trust and combine in contravention of the laws of the United States and that this complaint is made in furtherance of the objects of said association, and that, being an unlawful trust and combine, they are entitled to no relief.

Defendant denies that at the meeting of traffic managers held January 30th, 1903, in St. Louis, Missouri, authorized representatives of the defendant companies agreed with the representatives of all the other carriers of yellow-pine lumber to increase the freight rate on yellow-pine lumber from all stations where manufactured and shipped to all points in territory described in paragraph II of complaint in this cause.

Defendant says that it made no agreement with any other road, directly or through the Southeastern Mississippi Valley Association, in adjusting this rate; that it entered into no compact of any kind and in no way bound or obligated itself under any penalty or forfeiture or in any manner whatsoever to put into effect or to
19 maintain after being put into effect said advance in lumber rates. In support of the denial of any agreement or binding effect upon the roads whose officials met at the meetings of the Southeastern Mississippi Valley Association and who are members of said association, defendant refers to the fact set out in paragraph III of this complaint, in which it is stated that the Louisville and Nashville Railroad Company, after promulgating said rate, withdrew it and afterwards made it effective at a later date; also to paragraph V of complaint, in which complainants recite the fact that lumber-carrying roads west of the Mississippi River who participated in said combine adopted and promulgated tariffs, or some of them did, and have since receded therefrom and restored the rate effective prior to April 15th.

Defendant states that the only understanding had at said meeting was such as is set forth in the articles of that association, and that the purposes indicated thereby are in all respects legal.

Defendant denies that in accordance with any agreement it proceeded to adopt and file with this honorable Commission and promulgate joint freight tariffs effective March 1st, 1903, whereby they advanced the previously existing rate 2 cents, 3 cents, 4 cents, and 5 cents per hundred pounds, the said agreement and tariff relating and applying only to yellow-pine lumber.

Defendant admits that it filed with this honorable Commission its Lumber Issue, No. I. S. 4230, effective March 1st, 1903. In support of the denial that the advance on the rate previously existing was 2 cents, 3 cents, 4 cents, and 5 cents per hundred pounds, defendant refers to its said lumber issue and states that the increase was 2 cents per hundred pounds, and if there was any further or other increase it has no knowledge of it and received no share of it. In support of the denial of the charge made that "said agreement and tariff relating and applying only to yellow-pine lumber," defendant states that its tariff applies alike to all character of lumber.

Defendant admits that on account of strong protests from all shippers of yellow-pine lumber based on the brevity of notice given and the fact that they all had contracts for delivery of lumber based on the existing rates which could not be fulfilled within the time, said defendant postponed the operation and effectiveness of said tariff to April 15th, 1903, and filed *their* tariff schedule with this honorable Commission accordingly.

Defendant denies that these protests were "based *at first mainly* on the brevity of notice given and the fact that they all had contracts for the delivery of lumber, based on the existing rate which could not be fulfilled within the time," and says that at the time such protests were made no mention was made of any other reason why said rates should not be put into effect.

20 Defendant states that the history of the final promulgation of the tariff complained of was as follows:

Defendant on February 3d, 1903, gave notice that the advance in rates on lumber would go into effect March 1st. This gave its shippers twenty-five days' notice. The chief protest was made by the Southern Lumber Manufacturers' Association, through their president, Mr. N. W. McLeod, who wrote this defendant a letter, from which the following are extracts:

The Southern Lumber Manufacturers' Association desires to go on record as not opposing an advance in freight rates on their commodity, provided the burden is equitably distributed and rates from competitive territory are equalized.

He also made this additional statement:

Since the notice of advance was received inquiry has been made among the members of this association to ascertain the number of carload orders already accepted for shipment, which would be affected by this advance. Our members located west of the Mississippi River report having orders destined to points affected which it would take an average of fifty-five days from February 9th to complete, provided cars are furnished, and our members east of the Mississippi River an average of fifty-six days to complete shipments.

Defendant then postponed the effective date of the said advance to April 15th, 1903, thus giving shippers forty-five days additional, from which it will be seen that at least seventy days' advance notice of the intention of the Mobile and Ohio Railroad Company to increase the rates on lumber was given, when only ten days' notice is required by law.

Defendant admits that defendant Louisville and Nashville Railroad Company, after promulgating said rate, withdrew it and afterwards made it effective June 22nd, 1903.

IV.

Defendant admits paragraph IV, except that it has no knowledge of any increase in rate beyond the 2 cents per hundred pounds before mentioned, and denies that there has been any three cent, four cent, or five cent advance made, except, also, the fact of certain lines north of the Ohio River advising against said increase, of which it has no knowledge, but states that if such advice was given it would have had no bearing on the reasonableness of this rate.

V.

Defendant admits paragraph V, but states that this condition of affairs was brought about through injunctions in Georgia
21 by the Georgia Saw Mill Association, a kindred association to the Central Yellow Pine Association, to prevent the putting into effect of said advance, and in Mississippi by the Central Yellow Pine Association to enjoin the advanced rate already effective, under which legal process in Mississippi an order restraining the enforcement of said rate until the determination of the injunction was issued out of the United States Court, to the defendants in this case, and upon the issuance of such restraining order certain of the lumber-carrying roads west of the Mississippi did restore the old rate, in order to meet the rate forced upon the defendants by said restraining order. Defendant states on information and belief that such inequality in rates was the purpose of said injunction and one of the purposes of the Central Yellow Pine Association and that they can not now be heard to complain of conditions brought about by their own action.

VI.

Defendant denies that said increase, shown by the several revised tariffs of these defendant companies, effective April 15th, 1903, on yellow-pine lumber, is unjust, unreasonable, arbitrary, unlawful, discriminatory, and in direct contravention of the provisions of said act to regulate commerce.

Defendant denies that the revised lumber tariff, effective April 15th, is destructive of and highly injurious to the business of complainants and others similarly situated. In support of this denial defendant states that the best proof of the continued prosperity of complainants is the fact shown by the following table, that there has been no falling off in the volume of shipments over its line:

Statement of Lumber Shipped from Yellowpine, Alabama.

[In Carloads.]

	Interstate.	Export.	Domestic.	Total.
1903.				
January 15th to February 14th..	31	22	0	53
February 15th to March 14th....	28	28	1	57
March 15th to April 14th.....	17	43	1	61
	76	93	2	171
April 15th to May 14th.....	24	48	0	72
May 15th to June 14th.....	24	30	1	55
June 15th to July 14th.....	18	28	0	46
	66	106	1	173

This defendant has taken these figures from the bills of lading of the Yellow Pine Lumber Company, the only one of complainants directly on its line.

22 Defendant states further that it has done much to create markets for and to encourage the lumber business, and that if it thought that said tariff would prove destructive of or be highly injurious to said business, it would, for self-protection, cancel said tariff.

Defendant denies that said increase in rate has or will largely impair the value of complainants' properties by the placing of an unnecessary and grievous burden and tax upon the transportation of their products, by rendering practically inaccessible their available markets and defeating equal competition in said territory without any cause.

Defendant states, in support of this denial, that said complainants own large bodies of timber land in connection with their said milling plants, and that the value of these said properties has not been or will not be in any way impaired, it being a well-known business fact that lumber properties and timbered lands were never held at such a high price as now, and there has been no diminution in value.

Defendant states that instead of the available markets for yellow pine being rendered inaccessible the markets are widening all the time, and that yellow pine has practically driven other woods out of certain markets in the territory to which these complainants mainly ship, and in all markets yellow pine is holding its own. One reason for this is that for certain purposes—for instance, in the building of cars, bridges, and other such structures—there is no competition between yellow pine and the woods of Canada and the Pacific coast, and defendant states that a considerable quantity of lumber shipped by these complainants is for those very uses.

Defendant denies that there has been any unjust or unlawful increase on yellow-pine lumber shipped by complainants and others similarly situated, so carried in interstate commerce under like circumstances and conditions.

Defendant denies that said increase places an excessive burden upon yellow pine out of line with and far more grievous than is sustained by the same products from other points and by other products and commodities of like weight, cost of carriage, value of product, service, and all other conditions considered. In support of the denial that an excessive burden out of line with and far more grievous than is sustained by the same product from other points has been put on yellow pine, defendant states that, as shown by the following table, woods that come in competition with yellow pine, hemlock, spruce, and white pine pay for equal distances as great, and in some instances a greater, rate than yellow pine.

23 *Comparison of Rates on Yellow-pine Lumber from South Mississippi Points with Rates on Hemlock, Spruce, and White Pine from Northern Points.*

Miles.	Rate per 100 pounds.	From—	To—
334	16	Charlevoix, Mich.....	Fort Wayne, Ind.
357	16	Meridian, Miss.....	Cairo, Ill.
450	17	Abbotsford, Wis.....	Fort Wayne, Ind.
432	16	Yellowpine, Ala.....	Cairo, Ill.
593	22	Abbotsford, Wis..	Louisville, Ky.
584	20	State Line, Ala.....	East St. Louis, Ill.
612	21	Abbotsford, Wis.....	Cairo, Ill.
630	20	Oakgrove, Ala.....	East St. Louis, Ill.
627	20.5	Ludington, Mich.....	Cairo, Ill.

The rates shown in the above table from Meridian, Yellow Pine, State Line, and Oakgrove are taken from Mobile & Ohio Tariff, No. I. C. C. 2765. The rates for the foreign lines are taken from page 21 of the affidavit of J. M. Culp, filed in the injunction suit brought by same complainant in the Federal court of Mississippi.

VII.

Defendant has no knowledge as to whether the annual average output of yellow pine lumber mills belonging to and operated by the members of complainant association approximates over 1,500,000 feet per annum, of the value at the mills of about $6,000,000, not less than three-fourths of which is shipped into the territory above mentioned in competition with similar lumber from other pine-producing States. Defendant states that only one of the mills in complainant association is located on its line; that to one other mill in the association it has a switch; that the combined daily output of these two mills does not exceed 150,000 feet; that there are on its line in the States of Alabama and Mississippi about one hundred mills not members of this association and not complaining, with a daily capacity of 1,600,000 feet.

The defendant denies that said lumber is directly and injuriously affected by the said unlawful, excessive, and unjust rate.

Defendant denies that there is any other advance than the 2-cent advance previously mentioned. It has no knowledge of the amount that will accrue annually to the railroads from said additional 2 cents per hundred pounds.

VIII.

Defendant denies that said tariffs, effective April 15th, 1903, since and now are unjust, unreasonable, excessive, discriminatory and arbitrary, and contrary to the provisions of said act of Con-
24 gress approved February 4th, 1887, and the several acts supplemental to and amendatory thereof.

(*a*) Defendant denies that under its rates in effect prior to April 15th 1903, yellow-pine lumber was an exceedingly profitable commodity to the carrier, and the carrier, under said rates, received more than it was justly entitled to receive, so that no increase is reasonable, nor is the rate itself so. Defendant admits that under previously existing rate lumber was carried at a profit, but it was not an exceedingly profitable commodity, for the following reasons:

1. That in nearly all instances lumber requires for its transportation flat cars; that these cars were hauled in the reverse direction (that is, southward) empty, which fact has to be taken into consideration in adjusting the rate for the carrier. It is a fact that some years ago rates on lumber from Mississippi and other States to Ohio River points and beyond were 3 cents per hundred pounds greater when the lumber was loaded in flat cars than when carried in box cars. The cost of said special kind of car has increased from 1899, when the last increase in lumber rate was made, from $699.00 to $851.00 in 1903.

2. That this defendant's cars are held unnecessarily long at complainants' mills in order to load particular bills or particular sizes. Thus this equipment is idle, for which no extra compensation is received by carrier.

3. Lumber being of light weight and large bulk, requires nearly fifty per cent. more equipment to a train in order to get the tonnage necessary than do certain other freights, such as grain, which occupy all the space in a car, and as the number of cars or equipment in a train increases the wear and tear on equipment and the cost of running and handling the train increased in proportion.

4. Shippers do not load to the full capacity of the cars, and by thus reducing the amount of lumber loaded on each car deprive the carriers of additional revenue, while the shippers get the benefit of the carload rates.

5. The fact of complainants being allowed by this carrier, at great inconvenience and delay to it and extra switching, etc., to stop its cars en route and have the shipments dressed without extra charge—that is, carry it undressed to a point where it can be dressed and then have it dressed and reloaded under the same bill of lading. This further supports the denial that this freight is *an exceedingly profitable one.*

(*b*) Defendant denies section (*b*) of Paragraph VIII. In support of this denial defendant submits the following table, taken from published tariff, showing the revenue per ton per mile yielded by certain other commodities:

25

	Per ton per mile.
Bananas	$0.0158
Cotton	.0154
Dry goods	.0227
Walnut, mahogany, and cherry lumber	.0085
Sisal	.0097
Canned goods	.0097
Lumber	.0065

This shows that lumber, under previously existing rates, did not yield the most revenue per ton per mile to this railroad of any freight originating in the southern territory, value, tonnage, and cost of handling considered.

(*c*) Defendant has no knowledge as to whether the average freight on yellow-pine lumber from complainants' mill to points of destination aforesaid amount in the aggregate to a sum nearly equal to the value of the products at the point of shipment. Defendant, however, states that there are many characters of freight—for instance, coal, cement, brick, lime, etc.—the value of which at the point of shipment is not as great as the cost of transportation, and if complainants' assertion be true it is not material to the reasonableness of the rate.

Defendant states further that there are certain other articles which have practically no value at the point of shipment, the value of which is created entirely by the transportation company—for instance, gravel, cinders, sand, sawdust, etc.

Defendant has no knowledge of the total amount annually paid by complainants to this defendant and its connections for the transportation to market of yellow-pine lumber.

Defendant denies that the rate in force preceding April 15th was greater than would have been charged to insure reasonable, just, and lawful compensation to the carriers.

(*d*) Defendant denies that a large portion of the yellow-pine products of complainants' mills is of low grade. It states further that certain mills make comparatively little low-grade lumber and that their product is nearly all high-grade lumber, such as flooring, ceiling, etc.

Defendant has no knowledge as to whether low-grade lumber amounts to 33⅓ per cent of the entire product or not, but states that it is informed and believes that thirty per cent. would cover all low-grade lumber, and that it depends entirely upon the mill, and where much low-grade lumber is turned out it is because the logs from which the lumber is manufactured are of poor grade, and consequently cost the producer less, and he should expect less for his product; that the low-grade lumber is nearly all profit, made for the lumbermen by the transportation companies finding for said lumber a market.

Defendant states that it is a fact that because of the high price of the high grades of lumber the low grades of lumber have been
26 for the past three years and still are in great demand, being used as a substitute for the very expensive higher grades;

that in consequence the mills along its line are sold out almost entirely of low-grade lumber, whereas they have on hand a certain amount of high-grades, which command fancy prices.

Defendant denies that complainants will not be able to compete in the same markets with other low-grade lumber.

(*e*) Defendant denies that said previous rate on yellow-pine lumber, as is the present rate, was greater per ton per mile than on coal, pig iron, cement, and other like products, value and weight and cost of handling considered, and yielded an ample profit to the carrier.

Defendant does not feel that it is proper to make any comparison between coal, pig iron, cement, etc., and lumber, because conditions surrounding the traffic are altogether different. There is no competition whatever between them. The freight does not move in any considerable quantity to the same markets. Those products are practically indestructible, while lumber is destructible and inflammable. If it were true that the rate per ton per mile on iron, valuation and cost of handling considered, is less than on lumber, defendant states that on September 15th, 1902, an advance of fifty cents per ton was made in the rate on iron, which, in proportion to the prior rate per ton on iron, is far greater than an advance of 2 cents per hundred pounds on lumber.

(*f*) Defendant admits that it furnishes platform or flat cars for the lumber. Defendant admits that complainants are required to equip such cars with standards, braces, and strips at their own expense. Defendant denies that this is an unusual and unreasonable exaction, stating that shipments of pipe, machinery, rails, structural material, etc., are subject to the same requirements. In the preparation of certain fruits and vegetables for shipment the shipper is required to crate the articles and to pay freight on the gross weight. Likewise in shipments of cattle the shipper is required to bed the cars at his own expense.

Defendant denies that the cost of equipping said cars amounts to $2.50 to $3.00 per car and that freight on the additional weight of such equipment amounts to $3.00 per car and that said standards and strips are made of high-grade lumber. In support of this denial it states that said cars are equipped with low-grade lumber and with short ends and pieces not suited for any other purposes; that the practical cost of same is very little, but if the said strips were all medium-grade lumber the following figures would control:

Standards or stanchions for properly arranging open cars for shipment, for long lumber near the length of cars, requires only four pieces four inches × four inches × eight feet; when short lengths are loaded on open cars it requires four stanchions on each
27 side four inches × four inches × eight feet. This material is generally culls and not merchantable, and the cost of lumber, labor, and nails should not exceed $1.00 per car, *i. e.:*

8 pieces 4 in. × 4 in. × 8 ft.	feet..	88
4 pieces 1 in. × 4 in. × 8 ft. (pieces to nail across standard)	do...	12
Total	do...	100
100 ft., at $8 per M		$0.80
Labor (two men, 1 hour)		.20
Weight of 100 ft. of the character of lumber used, 200 pounds. Freight on 200 lbs. lumber, Mississippi points to Cairo, at 16 cents per 100 lbs		.32
Total		1.32

Thus we see that the total cost of equipping a car with standards or stanchions is $1.32 per car, instead of $6.00 per car, as stated in the complaint.

(*g*) Defendant denies that all the railroads transporting yellow-pine lumber from the yellow-pine regions of Arkansas and the trans-Mississippi-Louisiana are charging lower freight rates to their patrons. It refers to Paragraph V, page 5, of this answer in explanation of the cases in which the trans-Mississippi roads are charging less than this defendant.

Of the so-called rebate or tap-line divisions mentioned in this complaint defendant has no knowledge.

(*h*) Defendant denies the allegations made in section (*h*) and says that its rates are not unjust and are not an unreasonable burden upon complainants and the public, and defendant denies that it did earn an unusual and unreasonably large net profit in its business upon the capital invested therein.

Defendant denies that its capital stock grossly exceeds, as to the public and as a basis for rates, the actual cost of the construction and equipment of its said railroad.

Defendant denies that its bonded indebtedness grossly exceeds the fair valuation of the property of defendant.

Defendant denies that it is unjust and unreasonable to impose upon the business of complainants the increase in rates of 2 cents per hundred pounds.

Defendant denies that it earns and pays any dividends on any excess capital stock and principal and interest of its bonded indebtedness.

Defendant avers that the Supreme Court of the United States has decided in a suit between this defendant and the State of Tennessee that the amount of its capital stock and bonded indebtedness honestly represents the cost of its property.

This defendant denies that by reason of this increase in its rates on lumber it will earn an unreasonable compensation and that
28 the same will be an unreasonable charge on yellow-pine lumber, and defendant denies that said charge is unjust, unlawful, and unreasonable.

IX.

Defendant admits that the only effect of increase in the tariff on lumber will be that complainants will demand and receive of the consumers, in addition to the high price now asked, the additional amount paid by them in freight. Defendant does not admit that such should be the result, and states that the complainants' profits have been so large in the past few years, and still are, that they could well afford to sell at the same price and still make a fair and reasonable profit on their products.

Defendant denies that the members of complainant association have already lost ground in the market above mentioned on account of the disadvantage to which they are so put by said advance in freight.

Defendant denies that the price of yellow pine has remained practically stationary during the past year. It admits that the cost of production has increased, but states that such increase is not nearly so great, proportionately, as has been the increase in the operation of its railroad, as is shown by the statement of the principal increases in operation heretofore made.

Defendant denies that the profits of manufacture are not a reasonable return to the manufacturers upon the money invested.

Defendant has no knowledge of any particular hypothesis that was acted upon in readjusting the tariff on lumber. It states that if the prior rate was not a reasonable return for the service rendered, the fact of whether its shippers were making or losing in their business would have no legal bearing upon the justness of the advance in freight rate.

X.

Defendant denies that said increase places complainants' product at an unfair disadvantage with other woods and lumber in competing markets and was unnecessary to enable defendant to earn a reasonable return upon their investment.

Defendant denies that increased expenses and delays the past winter were largely due to lax and unbusinesslike methods in which it handled its business. Defendant admits that its tracks and yards were at rare intervals congested with freight through no fault of defendant, but because of its attempt, at shippers' urging to handle as best it could the volume of business offered by complainants and others, and says that such a congested condition is necessarily
29 incident to the business of railroads and may be due to its connections as well as to itself.

Defendant denies that too much time and labor are consumed in handling property in transit.

The defendant admits that at times it had not sufficient cars and locomotives to handle all the business, and says that it is impossible to at all times have such a large equipment as to meet all emergencies. If that were done it would result in a large part of its equipment lying idle during normal or dull seasons. That would certainly increase expenses and necessitate higher rates of freight in

order to meet said expenses. Defendant states that during the past year it has added 1,705 freight cars to its equipment.

Defendant denies that with improved service and equipment its net revenues have been and are now yielding a largely increased return upon the value of their investment, already unreasonably large, over and above the cost of operation and maintenance.

Defendant denies that any unfair burden has been placed upon its patrons engaged in the manufacture of yellow pine lumber.

And the defendant, having fully answered, prays to be dismissed with its reasonable costs in this behalf expended.

E. L. RUSSELL,
ED. BAXTER,
Solicitors for Respondent.

STATE OF ALABAMA, *County of Mobile:*

Personally appeared before me, S. R. Prince, a notary public duly appointed in and for the State and county aforesaid, J. J. Eddy, who, being by me duly sworn, deposes and says as follows:

That he is assistant to the general traffic manager of the Mobile & Ohio Railroad Company, said corporation being a party defendant to the bill to which this answer is filed; that he has been connected with and had supervision and knowledge of matters of traffic of this defendant railroad; that he has heard read the foregoing answer and the statements therein made so far as they are made on information and belief that they are true to the best of his knowledge, information, memory, and belief.

J. J. EDDY.

Sworn to and subscribed before me this 5th day of August, A. D., 1903.

S. R. PRINCE,
Notary Public, Mobile County, Alabama.

30 EXHIBIT A to Foregoing Answer of the Mobile and Ohio Railroad Company.

Articles of Association of the Southeastern Mississippi Valley Association.

For the purposes set forth in the following articles, the parties hereto form a freight association, to be known as the Southeastern Mississippi Valley Association.

ARTICLE 1.

1. The traffic to which these articles relate shall be the following, in which two or more of the parties hereto are interested:

(*a*) Freight traffic which passes from, to, or through Ohio River or Mississippi River points, Cincinnati to New Orleans, inclusive, when destined to or coming from Mississippi River points south of Cairo

to New Orleans, inclusive; except that traffic between points west of points on the west bank of the Mississippi River and Mississippi River Points south of Cairo to New Orleans, inclusive, shall not be included.

(*b*) Freight traffic passing from, to, or through Ohio River and Mississippi River points, Cincinnati to New Orleans, inclusive, when destined to or coming from points south of the Ohio River and the Virginias, and east of the Mississippi River.

(*c*) Freight traffic originating at and destined to junction or crossing points, both of which are located east of the Mississippi River and south of the Ohio River and the Virginias.

(*d*) But these articles shall not relate to coke, bituminous coal, cotton, or export or import traffic.

2. The territory to which these articles relate is bounded on the north by the Ohio River, on the east by a line from Jellico through Harriman Junction, Chattanooga, Birmingham, Selma, and Montgomery to Pensacola, including junction points on the Alabama Mineral Division of the L. & N. Railroad (Attalla to Calera, inclusive); on the south by the Gulf of Mexico, and on the west by the Mississippi River, including points on said boundary lines.

ARTICLE II.

1. A chairman shall be selected by the unanimous vote of the association. His duties shall be to preside at all meetings of
31 the association, conduct all necessary correspondence, keep necessary records, promulgate rules and regulations, which may be established by the association, and the rates, rules and regulations which may be established by the several members of the association applying on traffic to which these articles relate.

2. The chairman shall issue notices of regular meetings of the association as hereafter provided for, not less than ten days in advance of the day fixed for such meetings, accompanied by a list of subjects to be considered and discussed at such meetings. Special meetings of the association shall be called by the chairman on request of two or more members, provided that not less than seven days' notice in advance be given of such special meetings. The members making such request shall designate the subject or subjects to be considered and discussed, which subjects shall be transmitted by the chairman with his call.

3. The chairman shall cause statements of traffic carried within the territory defined above by each of the parties hereto to be compiled at such time and for such periods and distributed in such manner as the association may direct.

4. The chairman shall have access either in person or by appointee to the books, papers, correspondence, etc., of any of the officers, agents, or employés of the parties hereto, relative to said traffic, so far as may be necessary to carry out the purposes of these articles.

5. The chairman shall perform such other duties as may be assigned him under the terms of these articles.

6. The chairman shall effect and maintain such an office organization as will enable him to efficiently perform the duties delegated in these articles, subject to the approval of the association.

Article III.

1. All changes proposed by any member in its rates, rules, and regulations will be suggested to the association for consideration and discussion; provided, however, that nothing herein shall be construed as impairing the right of any member to change any of its rates, rules, and regulations, according to law, whenever it deems proper to do so; it being distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said association or not.

Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member.

32 Nothing herein contained shall be so construed as to confer upon the chairman of the association, or upon any committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

2. Each member shall promptly notify the chairman of its purpose to establish any rate, rule, or regulation on traffic to which these articles relate, together with the effective date; and shall furnish to the chairman as soon as issued copies of all tariffs or other issues relating to said traffic.

3. Regular meetings of the association shall be held at such times and places as may be mutually agreed upon.

Article IV.

1. The authorized expenses of the association shall be apportioned by the chairman on the basis of mileage of the lines parties hereto within the territory hereinbefore described.

Article V.

The headquarters of the association and the office of the chairman shall be at Louisville, Ky.

2. These articles shall become effective on the 14th day of August, 1902, and continue in force until May 1, 1903; and thereafter subject

to thirty days' written notice by any member to the chairman of its intention to withdraw therefrom.

ALABAMA GREAT SOUTHERN RAILROAD CO.
ALABAMA AND VICKSBURG RAILWAY CO.
CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY CO.
ILLINOIS CENTRAL RAILROAD CO.
ILLINOIS CENTRAL RAILROAD CO. (LOUISVILLE DIVISION).
KANSAS CITY, MEMPHIS AND BIRMINGHAM RAILROAD CO.
LOUISVILLE AND NASHVILLE RAILROAD CO.
MOBILE AND OHIO RAILROAD CO.
NASHVILLE, CHATTANOOGA AND ST. LOUIS RAILWAY CO.
NEW ORLEANS AND NORTHEASTERN RAILROAD CO.
SOUTHERN RAILWAY CO.
YAZOO AND MISSISSIPPI VALLEY RAILROAD CO.

33 EXHIBIT C.

34 Before the Interstate Commerce Commission.

Docket No. 707.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

Answer of the Mobile, Jackson & Kansas City Railroad Company, One of the Respondents.

The respondent, the Mobile, Jackson & Kansas City Railroad Company, for answer to the complaint and each paragraph thereof, says:

First. Respondent is operating a railroad between the city of Mobile, in the State of Alabama, and the city of Hattiesburg, in the State of Mississippi, a distance of about one hundred miles.

Second. Respondent says that not one of the complainants named in said complaint as being members of the Central Yellow Pine Association own, control, or operate any mill plant on the line of respondent's railroad.

Third. Respondent further says that after careful inquiry it alleges the fact to be that it has never at any time been called upon to transport any lumber or timber manufactured, controlled, or owned by any member of the Central Yellow Pine Association.

Fourth. Respondent further says that it is now receiving the same rate for the transportation of lumber and timber that it has heretofore received, and is not in any way, directly or indirectly, deriving increased revenue from any increase of rates.

And having fully answered said complaint, respondent prays to be dismissed with its reasonable costs.

MOBILE, JACKSON & KANSAS CITY
RAILROAD COMPANY,
By McINTOSH & RICH, *Attorneys.*

THE STATE OF ALABAMA, *Mobile County:*

Personally appeared before me, Helen A. Smith, a notary public in and for said county and State, L. B. Sullivan, who being first duly sworn on oath, doth depose and say that he is the general freight agent of the Mobile, Jackson & Kansas City Railroad Company, one of the respondents in the above stated cause, and that the facts set forth in the foregoing answer of said respondent to said complaint are true as therein stated.

L. B. SULLIVAN.

Sworn to and subscribed before me this 11th day of August, A. D. 1903.

HELEN A. SMITH,
Notary Public, Mobile Co., Ala.

35 EXHIBIT D.

36 Before the Interstate Commerce Commission.

No.—.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

The Answer of the Gulf & Ship Island Railroad Company.

To the honorable Interstate Commerce Commission:

Respondent, the Gulf & Ship Island Railroad Company, a corporation created under the laws of the State of Mississippi, for answer to the complaint exhibited against it by the Central Yellow Pine Association, respectfully shows:

I.

Respondent admits the matters and things set up in paragraph one of said complaint, but further says that respondent's line of railroad is situated wholly within the State of Mississippi, and that it is engaged in interstate traffic only by means of through shipments made over the line of respondent's railroad, and connecting roads which reach other States, and with which respondent has arrangements for joint and through transportation, upon through bills of lading and at through rates. Respondent says that its line of railroad runs from Gulfport, in Mississippi, to Jackson, in said State,

and that the connections, by means of which it reaches other States, are the Louisville & Nashville Railroad Company, with which it connects at Gulfport; the Illinois Central Railroad, with which it connects at Jackson, and the New Orleans & Northeastern Railroad, with which it connects at Hattiesburg, Lumberton, and Laurel, and by means of which it, in turn, connects at Meridian with the Mobile & Ohio Railroad and the Southern Railway.

II.

Respondent admits the matters and things set up in paragraph two of said complaint.

III.

Respondent denies that the respective through or joint tariffs, effective prior to April 15th, 1903, contained really higher
37 charges for the transportation of yellow-pine lumber of complainants and those similarly situated than the reasonable and just value of such service justified.

Respondent denies that it ever began to collude or conspire, or ever colluded or conspired, with the several railroad companies carrying yellow pine into the same market from the entire yellow-pine region east and west of the Mississippi River, taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas, or with any railroad whatever, and denies any and all plans and proposed conspiracies as set up in paragraph three; and denies that either through its traffic manager, or through the Southeast Mississippi Valley Association, this respondent or any of its officers or agents, held any meetings, secret or open, with the traffic managers of the other railroad companies engaged in the transportation of yellow-pine lumber into the same market, or with any of the roads joined with respondent's as defendants to this petition, or with any railroad or person whatever.

Respondent denies ever having taken any part in or attended, by or through any of its officers or agents or otherwise, any meeting held at Jacksonville, New Orleans, or St. Louis, or any other place, and denies that respondent, or any of its representatives or agents, ever agreed with the representatives or agents of any other carrier of yellow pine to increase the freight on yellow-pine lumber as set forth in said paragraph three.

Respondent says that it is not, and never has been, a member of the said Southeast Mississippi Valley Association, or any other freight traffic association whatever; that it has never taken any part whatever in any conference of said association, or with any of its constituent members, and knows nothing whatever as to any of the alleged conferences.

Respondent further shows that on or about the 1st of February, 1903, it was notified by its connections, which penetrated the territory described in the complaint, that on and after the — day of ——, 1903, they would advance their rates on yellow pine to the territory mentioned two cents per 100 pounds, and in obedience to said notice said respondent at once notified its shippers of the said

advance, advising them that same was made solely by said connections, and respondent now shows that it is not now and never has been a participant in the advance complained of, and is wholly uninterested therein. Respondent, of course, advanced the through rates in accordance with the notice given it by its connections, because the territory could only be reached through the said connections, and it was, of course, compelled to advance the rates in obedience to their demands.

38 At the time the notice of the said advance was given, the only complaint made by the shippers along respondent's line, including many members of the complainant association, was against the shortness of the notice, and in obedience to the said complaint respondent appealed to its connections in behalf of the mills along the line, requesting that the date of the advance be deferred until such a time as would meet the complaint of the said mills, and thereupon it was notified by said connections, each severally and each acting for itself, that the said advance would not be made effective until April 15th, 1903, whereupon respondent promulgated its tariffs, making said advance effective April 15th, 1903.

And in addition to the matters and things herein set up, respondent adopts, in further answer to said paragraph three of said complaint, the answers of the Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company, the connections by means of which respondent reaches the territory described in said complaint.

IV.

Respondent admits that since the 15th day of April, 1903, the defendant railroads, save the Louisville & Nashville Railroad Company, and the Louisville & Nashville Railroad Company since June 22, 1903, have exacted and are still exacting from all shippers the sums shown in the tariffs promulgated by respondent and other shippers, copies of which have been filed with your honorable body. Not being a participant in the said advance, respondent is not advised as to whether the same is absorbed entirely by the roads south of the Ohio River, and respondent has no knowledge whatever as to whether or not any of the said roads advised against the said increase upon the ground that the tariff before that time in force offered adequate remuneration to all participant carriers, or upon any other ground, and in further answer to said paragraph four respondent adopts the answers of the said Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company.

V.

Respondent admits that the lumber-carrying roads west of the Mississippi River which promulgated tariffs advising said increase effective April 15th, 1903, or some of them, thereafter receded from

the position, and restored the rates effective prior to April 15th, 1903. The reason for so doing, as is well known to the complainant,
39 was the fact that an injunction had been issued against the roads in Mississippi and Georgia restraining them temporarily from putting the said increase into effect, and the action of the said trans-Mississippi roads in revoking the said increased rate was due to the fact that the said increase had been temporarily prevented east of the river by injunction.

Respondent is advised and believes that since the dissolution of the temporary restraining order granted, and since the refusal of the courts to grant writs of injunction, the said trans-Mississippi roads have, some of them, put into effect the said increase, and the remainder thereof have given notice of their intention to put same into effect on or about August 15th. In further answer to said paragraph five, respondent adopts the answers of the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, the Louisville & Nashville Railroad Company, and the New Orleans & Northeastern Railroad Company.

VI.

It is denied that said increase, shown by the revised tariff effective April 15th, 1903, on yellow-pine lumber is either unjust, unreasonable, arbitrary, unlawful, discriminatory, or in contravention of the provisions of the act regulating commerce, or destructive of or injurious to the business of complainant and those similarly situated, or that the same impairs the value of their properties or places thereon any unnecessary, grievous, or improper burden, or any improper tax upon the transportation of their products, or renders practically inaccessible to any large market, or defeats equal competition in said large territory or in any territory. It is denied that the said increase imposes upon yellow-pine lumber shipped by the members of the complainant association and others similarly situated a burden out of line with or more grievous than is sustained by the same products from other points, or by any other product or commodity of like weight, cost of carriage, value of product, service, and all other conditions considered. And in further answer to said paragraph six this respondent adopts the answers of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

VII.

Respondent has no information as to the value of the actual annual output of the mills owned by various members of the complainant association, and therefore can not say what the said increase
40 would amount to in freight to be paid by the members of said association, and in further answer to paragraph seven, the respondent adopts the answers of the Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company.

VIII.

Respondent denies that said tariffs, effective April 15th, 1903, since or now, are unjust, unreasonable, excessive, discriminatory, or arbitrary, or contrary to the provision of the act of Congress approved February 4th, 1887, and the several acts supplementary thereto and amendatory thereof.

Respondent denies that its capital stock grossly exceeds, as to the public and as a basis for rates, the actual and reasonable cost of construction and equipment of its said railroad, and denies that as to the public and as a basis for rates its bonded indebtedness, grossly or otherwise, exceeds the fair value of the property; on the contrary, respondent asserts that its stock reasonably represents the amount invested in constructing and developing the enterprise, and that the bonded debt does not exceed the amount of money actually advanced upon the said bonds, and that no bonds were issued except for actual money which was immediately invested in the property.

And for further answer to said paragraph eight this respondent adopts the answers of the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad Company, the Mobile & Ohio Railroad Company, and the Louisville & Nashville Railroad Company.

IX.

In response to the matters and things contained in paragraph nine of said complaint, the respondent adopts as its answer the answers of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

X.

Respondent denies that said increase placed complainant's product at an unfair disadvantage with other woods or lumber in competitive markets, and, upon information and belief, says that it was necessary to enable the defendants participating therein to
41 earn a reasonable return upon their investment. Respondent denies that increased expenses and outlays in the past winter were largely, or at all, due to lax or unbusiness like methods, or to the congestion of freight on tracks and in yards; denies that too much time and labor were consumed in handling property in transportation; denies that respondent and other defendants did not have sufficient cars and locomotives; denies that with their improved service and equipment the net revenue has been correspondingly or greatly increased, or that the return upon the investment is large or unreasonably large, over and above the cost of operation and maintenance, and denies that any unfair burdens whatever have been placed upon yellow-pine lumber.

And for further answer to paragraph ten, respondent adopts the answers thereto of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio

Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

Prayer.

And now having fully answered, respondent prays to be hence dismissed with its reasonable costs.

THOS. P. HALE,
Second Vice-President.
E. J. BOWERS,
D. B. H. CHAFFE AND
W. T. McDONALD,
Solicitors for Respondent.

STATE OF MISSISSIPPI, *Harrison County, Town of Gulfport:*

Personally appeared before me, H. C. Elder, a notary public in and for said town, county, and State, T. P. Hale who, being first duly sworn, deposes and says that he is the second vice-president of the Gulf & Ship Island Railroad Company, and as such is in charge of the traffic department of the said road, and the facts stated in the foregoing answer are true.

THOS. P. HALE,
Second Vice-President.

Sworn and subscribed before me this 10th day of August, A. D. 1903.

[SEAL.] H. C. ELDER,
Notary Public.

42 EXHIBIT E.

43 Before the Interstate Commerce Commission.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RAILROAD CO. ET AL.

Supplement and Amendment to the Answer of the Gulf and Ship Island Railroad Co.

Now comes the Gulf and Ship Island Railroad Company, made defendant herein, and, by leave of the Commission first had and obtained, files the following supplement and amendment to the answer hereinbefore filed on the — day of August, A. D. 1903:

Respondent shows to the court that in its answer filed upon the — day of August, A. D. 1903, it erroneously stated, in responding to paragraph 3 of the complaint, that "it was not then and never had been a participant in the advance complained of and was wholly uninterested therein."

Respondent was not then, has not been since, and is not now a

participant in or in any way interested in the advance to the territory and points on the north of the Ohio River, on and east of the Mississippi River, and on and west of the Buffalo and Pittsburg line, which territory is commonly known as Central Traffic Association Territory.

Nor did this respondent participate in the alleged advance to any of the territory mentioned in complainants' petition, except to Memphis and points west of Memphis basing thereon and points west of the Mississippi River basing on St. Louis and Missouri River crossings.

The movement into the territory described last above from the Mississippi mills, and especially from those located along the line of this respondent's railroad, is inconsiderable and inconsequential, and the inaccuracy crept into the first answer by reason thereof and of the fact that the controversy over the increase had hitherto been confined to the Central Traffic Association Territory, to which the movement was and is very large, and a failure to note that the territory described in the present complaint comprehended other points.

Respondent reiterates that it is not a member of the Southeastern Mississippi Valley Association and knows nothing of the
44 alleged meetings, negotiations, and deliberations that preceded and led up to the increase complained of. Respondent's first notice of the said increase was by notification from its connections, advising that the said rates would be advanced, and the participation of respondent therein results from the application thereof to certain arrangements for divisions existing at the time between the respondent and its connections.

Respondent further reiterates all and singular the averments of its original answer except as herein expressly modified and amended, and prays to be hence discharged with its reasonable cost.

E. J. BOWERS,
J. H. NEVILLE, AND
D. B. H. CHAFFE,
Solicitors for Respondent.

STATE OF GEORGIA, *County of Fulton:*

Personally appeared before me, the undersigned notary public in and for the said State, Thomas P. Hale, second vice-president of the Gulf & Ship Island Railroad, who, being duly sworn, deposes and says that the facts stated in the foregoing answer are true.

THOMAS P. HALE.

Sworn to and subscribed before me this 28th day of October, 1903.

EDWARD CRUSSELLE,
Notary Public, Fulton County, Georgia.

45 EXHIBIT F.

46 Before the Interstate Commerce Commission.

THE CENTRAL YELLOW PINE ASSOCIATION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

The Joint and Several Answer of the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company to the Complaint Filed by the Complainants, the Central Yellow Pine Association, Before the Interstate Commerce Commission, Against These Respondents and Others.

These respondents now and at all times hereafter saving to themselves all and all manner of benefit or advantage of exception or otherwise, that can or may be had or taken to the many errors, uncertainties, and imperfections in the said petition contained, for answer thereto, or to so much thereof as these respondents are advised it is material or necessary for them to make answer to, answering say:

I.

Respondents have no knowledge or information, and no belief as to the matters contained in section 1 of the complaint; and therefore can neither admit nor deny the same; and if deemed material, demand that the same be strictly proven.

II.

Respondents admit that the defendant railroad companies either run through or into the yellow-pine region of the States wherein are located the mills and lumber plants of complainants' members, or connect with those which do so run, and under joint arrangements with each other and other connecting lines of railway, as well as upon their own tracks, are engaged in the transportation of persons, and property from the State of Louisiana east of the Mississippi
47 River, and the States of Mississippi and Alabama, by continuous all-rail carriage, to points on and north of the Ohio River, and to points on and east of the Mississippi River, and into what is called "Central Traffic Territory," and generally to points in the Western, Northern, and Eastern States.

III.

Respondents deny that from time to time they have raised their tariffs for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located

to points described in paragraph II of the complaint; but, on the contrary, respondents aver and say that only once within the four years prior to the advance of April 15, 1903, herein complained of, have said rates been advanced, and then only to the extent of 2 cents per hundred pounds; and respondents aver and say that said increase of 2 cents per hundred pounds was divided as follows: Respondents received 1 cent and the roads north of the Ohio River 1 cent.

Respondents deny that their through or joint tariffs effective prior to April 15, 1903, contained really higher charges for the transportation of yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow.

Respondents deny that they falsely assumed that the yellow-pine industry was enjoying an era of unexampled prosperity, or that its manufactured products were continually increasing in value. On the contrary, respondents aver, on information and belief, that the profits heretofore and now derived from their mills by these complainants and other persons in the territory occupied by them engaged in similar industries are unusual and excessively large.

Respondents aver and say that the improved market conditions prior to April 15, 1903, resulted in a great increase in the price of lumber, which fully justified said increase in rates, in view of the increased cost of operating their railroads, and in view of the fact that this commodity, considering the character and volume of such business handled, was not yielding its proportion of the revenue required by these respondents to meet their expenses.

Respondents, upon information and belief, aver and say that in spite of the advance in the price of timbered land of nearly 100 per cent. in the last few years, a number of manufacturing plants have been located in Mississippi and Alabama; that at this time practically all plants located in Mississippi and Alabama and in Louisiana east of the Mississippi River are running on full time and some of them night and day; that they have orders placed for their entire output, and state that their business was never in such good shape and on such a sound basis.

48 Respondents deny that they conspired or colluded with the several railroad companies carrying yellow-pine lumber into the same markets from the yellow-pine regions east and west of the Mississippi River and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas, for the purpose of laying an advance of 2 cents or more per hundred pounds in the freight rates on yellow-pine lumber.

Respondents deny that in pursuance of any plan or purpose to advance lumber rates they held secret meetings with other roads, either through their traffic managers or the Southeastern Mississippi Valley Association.

Respondents aver and say that their action in increasing said rates was the independent action of each of the respondents respectively; that in making said advances, each of respondents exercised its own untrammeled judgment, and that said action was not taken through any concert between respondents, or between them and any other railroad companies, in pursuance of any unlawful agreement

whatever in restraint of competition, or in restraint of interstate trade.

Respondents aver and say that they gave notice to each other, and to other railroad companies and to the public generally interested in such shipments, that they would upon the date named put such increased rates into effect; but they entered into no agreement or compact of any kind with each other or any other railroad companies, binding or obligating themselves in any way under any contract, or under any penalty or forfeiture, or in any other way whatsoever, to put into effect or maintain such rates; that they were severally at all time legally and morally free to put in those rates or any other rates, or to desist from putting in those rates, if in their several judgments their several interests made it advisable.

Respondents aver and say that from time to time, and whenever their interests seemed to make it desirable, they have conferred with each other and with other railroad companies upon all questions bearing upon the cost and movement of freight, and the development of trade and commerce, and have exchanged with those engaged in a similar business, views and opinions bearing generally upon railroad interests, and have acted in such matters and in this particular matter independently, and upon their own several judgments, and that they have in no wise been controlled by any agreement with each other or with any other railroad company.

Respondents are advised and accordingly insist that they have the right and cannot be debarred from the right of free and full conference in respect of any matters relating to their business interests.

Respondents admit that their traffic officials met the traffic
49 officials of other roads, and that said meetings were held at New Orleans, La., and St. Louis, Mo.

Respondents deny that said Southeastern Mississippi Valley Association was organized, or is maintained, under agreements or for purposes which constitute an illegal combination in restraint of interstate trade, or for the fostering of monopoly in destruction of fair competition among carriers engaged in interstate trade. Respondents aver that said association was organized and is maintained under "Articles of association of the Southeastern Mississippi Valley Association (printed and distributed August 14, 1902)" and a true copy of said articles is here filed, marked "*Exhibit No. 1*," *and prayed* to be taken as part hereof, as fully as though set forth herein, but it need not be copied unless called for. Respondents are advised and insist that said articles of association contain no agreement, and indicate no purpose which constitutes an illegal combination in restraint of interstate trade, or for the fostering of monopolies in destruction of fair competition among carriers engaged in interstate trade. Respondents are advised and insist that the agreements contained in said articles of association and the purposes indicated thereby are in all respects legal, and that they do not violate any of the provisions of the act of Congress of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraint and monopoly," or any of the provisions of the act of Congress of February 4, 1887 or

of its amendments, entitled "An act to regulate commerce;" or any of the provisions of any other act of Congress or of the common law.

Respondents are advised and respectfully insist that this honorable Commission has no jurisdiction to inquire into the legality of the Southeastern Mississippi Valley Association; that the legality of said association can only be attacked under a bill filed by the district attorney of the United States under the direction of the Attorney-General for that purpose on the equity side of the United States circuit courts.

Respondents aver that the complaint in this case is not filed before the proper tribunal, nor by the attorney of the United States, nor under the direction of the Attorney-General.

Respondents are further advised and insist that this honorable Commission has no jurisdiction to decree that said Southeastern Mississippi Valley Association is an illegal organization, without having all the members of said association before the Commission.

Respondents aver and say that the Nashville, Chattanooga & St. Louis Railroad Company, and the Yazoo & Mississippi Valley Railroad Company and the Kansas City, Memphis & Birmingham Railroad Company are members of said Southeastern Mississippi Valley Association, and none of them are parties to this complaint.

50 Respondents rely upon said defense of want of jurisdiction as fully as though it were specially pleaded.

Respondents deny that at the meeting of traffic managers held January 30, 1903, in St. Louis, authorized representatives of respondent companies agreed with the representatives of all other carriers of yellow-pine lumber to increase the freight rates on yellow-pine lumber from all stations where it is manufactured and shipped to all points in territory described in paragraph two of the complaint.

Respondents aver and say that they made no agreement with any other road directly or through the Southeastern Mississippi Valley Association in adjusting their rates on lumber; that they entered into no compact of any kind, and in no way bound or obligated themselves under any penalty or forfeiture, or in any manner whatever, to put into effect, or to maintain after being put into effect, said advance in lumber rates. On the contrary, respondents aver and say that in making said advance each of respondents exercised its own untrammeled judgment.

In support of the denial of any agreement of binding effect upon the roads whose officials met at the meeting of the Southeastern Mississippi Valley Association, and who are members of said association, respondents refer to the fact set out in Paragraph III of the complaint, in which it is stated that the respondent, the "Louisville & Nashville Railroad Company, after promulgating said rate withdrew it, and afterwards made it effective June 22, 1903;" also to Paragraph V of the complaint, in which complainants recite the fact that "lumber-carrying roads west of the Mississippi River who participated in said combine adopted and promulgated tariffs, or some of them did, and have since receded therefrom and restored the rate effective prior to April 15, 1903."

Respondent, the Louisville & Nashville Railroad Company, admits that it advanced its rates for the transportation of lumber over its line, effective June 22, 1903; but it avers and says that said advance was reasonable and just, and that the increased rates resulting therefrom yield only a reasonable and just return to it for the service performed.

Respondents admit that they, or their connections, filed with this honorable Commission their lumber tariffs, effective March 1, 1903; but respondents deny that the advance over the rate previously existing was 3, 4, or 5 cents per hundred pounds.

Respondents aver and say that while their tariffs and those of their connections may in some instances show apparent increase of 3 cents, 4 cents, and 5 cents per hundred pounds over the rates in effect prior to April 15, 1903, said apparent increases were caused by the erroneous construction of some of said previous rates; and in
51 the reconstruction of said rates effective April 15, 1903, after said errors were corrected, the actual advance in said rates was only 2 cents per hundred pounds.

Respondents deny that in publishing their tariffs they limited the same to yellow-pine lumber, but, on the contrary, respondents aver and say that their tariffs apply on all classes of lumber alike.

Respondents admit that on account of strong protests from all shippers of yellow-pine lumber, based on the brevity of notice given and the fact that they all had contracts for the delivery of lumber based on existing rates, which could not be fulfilled within the time, respondents postponed the operation and effectiveness of said tariff to April 15, 1903, and filed their tariff schedules with this honorable Commission.

Respondents aver and say that though said increased rates were filed to take effect April 15, 1903, each of respondents had before that time separately and independently given notice of such an increase of rates to complainants and the shipping public, and such proposed increase of rates was well known to complainants to have been in contemplation by each of respondents for at least sixty days before said April 15, 1903. Each of respondents separately and independently gave notice during the month of February, 1903, that it would increase its lumber rates, effective March 1, 1903. In the early part of February, 1903, the lumber manufacturers in Mississippi, Alabama, and Louisiana, east of the Mississippi River, knowing of said proposed increase, represented to said respondents that it would take fifty-six days for them to be able to fill their existing contracts, and urged a postponement to enable them to do so; and in order to meet their request each of the respondents separately and independently postponed the going into effect of said increase on its lines until April 15, 1903, which gave complainants and the other lumber manufacturers more than the fifty-six days which they had requested. Not only so, but for some months prior to February, 1903, complainants and the lumber manufacturers knew that an increase in lumber rates was in contemplation by each of the respondents.

Respondents further show that when the question of increasing the rates on lumber was being considered, and when the respondents

pine lumber is unjust, unreasonable, arbitrary, unlawful, discriminatory, or in direct contravention of the provisions of the act to regulate commerce.

Respondents deny that complainants' rights and interests, or the rights and interests of others similarly situated, will be vitally or injuriously affected by the said increase of rates, or that said increase will be destructive of or highly injurious to the business of complainants or others similarly situated; but, on the contrary, respondents aver and say that complainants and all other persons engaged in the lumber trade will add, and in fact have added, the amount of the proposed increase of rates to the prices which they will charge purchasers for lumber, and therefore the rights and interests of complainants and others engaged in the lumber trade will not be injuriously affected at all.

Respondents deny that said increase will impair the value of complainants' property, or place an unnecessary or grievous burden or tax upon the transportation of their product, or practically render inaccessible complainants' available markets, or defeat equal competition in said large territory without any cause.

Respondents deny that such increase imposes upon the yellow-pine industry a burden out of line with and far more grievous than is sustained by the same products from other points, or by other products or commodities of like weight, cost of carriage, value of product, service, and all other conditions considered.

Respondents are informed and believe that complainants will increase—indeed, have already increased—their prices on lumber so as to cover, and in some cases more than cover, such advance in lumber rates, and although said advanced rate has been effective since April 15, 1903, it has not diminished the movement of lumber.

VII.

Respondents neither admit nor deny the amount of the annual average output of yellow-pine lumber from the mills belonging to and operated by the members of complainants' association, which is estimated by complainants at 1,500,000,000 feet per annum, of the value at the mills of about $6,000,000.

Respondents are not advised as to whether or not the allegation that not less than three-fourths of said output is shipped into the territory above mentioned, in competition with similar lumber from other pine-producing States, is true.

55 Respondents deny that said lumber is directly or injuriously affected by said unlawful, excessive, and unjust rates; but respondents deny that said advance of 2 cents in the rate by them is unlawful, excessive, or unjust.

Respondents have no knowledge or information sufficient to form a belief as to whether or not the lowest increase complained of in the petition of 2 cents per hundred pounds equals from 40 to 90 cents per 1,000 feet, depending on weight or quality of the lumber; or as to whether it will amount annually to from $400,000 to $800,000 additional freights on complainants' lumber shipped to the territory

affected, and if said allegations be material respondents demand strict proof of the same.

VIII.

Respondents deny that their tariffs effective April 15, 1903, since or now, are unjust, unreasonable, excessive, discriminatory, or arbitrary; or that their said tariffs are contrary to the provisions of the act of Congress approved February 4, 1887, and the several acts supplementary to and amendatory thereof.

(*a*) Respondents deny that under their rates in effect prior to April 15, 1903, yellow pine was an exceedingly profitable commodity to the carriers, or that the carriers under said rates received more than they were justly entitled to receive, so that no increase is reasonable, nor is the rate itself so.

Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver and say that it was not an exceedingly profitable commodity.

(*b*) Respondents admit that the previously existing rate on lumber yielded a profit to the carrier, but respondents deny that it was under the previous or that it is under the present rates a very profitable freight, or that it is the most profitable of any freight originating in the Southern Territory, value, tonnage, and cost of handling considered.

Respondents deny that, the value being very small, the tonnage being very great, the cost of handling being comparatively small, or being practically indestructible, it could be transported in any kind of cars the railroad might have empty; but, on the contrary, respondents aver and say that lumber, as a shipping commodity, is not practically indestructible, and that a very common class of damage claims against respondents is for lumber that has been injured in transmission in the handling and transfers from car to car and by blueing through exposure to the weather.

Respondents deny that lumber, as a rule, can be handled in any kind of cars that the respondents may have empty; but, on the
56 contrary, respondents aver and say that much of the lumber is of such dimensions as can not be handled in box cars at all.

Respondents deny that the cost to the respondents of handling lumber is very small; but, on the contrary, respondents aver and say that respondents are often required by this trade to send to the mills of the complainants large numbers of empty cars, on which they get loaded hauls only one way.

(*c*) Respondents have no knowledge upon which they can admit that the average freight on yellow-pine lumber from complainants' mills to points of destination aforesaid amount in the aggregate to a sum nearly equal to the value of the product at the point of shipment, and if such allegation be material strict proof of the same is demanded.

Respondents aver and say that the same is true in regard to the allegation that from points within the State of Mississippi more than $10,000,000 is annually paid to respondents and their connections for transporting to market said yellow-pine lumber, valued at the

mills at about the same sum, and therefore strict proof of this allegation is demanded.

Respondents deny that the rate in force just preceding April 15, 1903, was greater than should have been charged to insure reasonable, just, and lawful compensation to respondents.

(*d*) Respondents deny that a large portion of the yellow-pine product of complainants' mills is of low grade; but respondents, on information and belief, aver and say that certain mills make comparatively little low-grade lumber, and that their product is nearly all high-grade lumber, such as flooring, ceiling, etc.

Respondents have no knowledge or information as to whether the low-grade lumber amounts to 33 1/3 per cent. of the entire product or not; but respondents are informed and believe that 30 per cent. would cover all low-grade lumber, and that the relative quantity of low-grade lumber depends entirely upon the mill, and where much low-grade lumber is turned out it is because the logs from which the lumber is manufactured are of poor grade, and consequently cost the producer less, and he should expect less for his product; that the low-grade lumber is nearly all clear profit, made for the lumbermen by the railroad companies finding for said lumber a market.

Respondents aver and say that it is a fact that because of the high price of the high grades of lumber the low grades of lumber have been for the past three years and still are in great demand, being used as a substitute for the very expensive higher grades; that in consequence the mills along some of respondents' lines have sold out almost entirely their low-grade lumber, whereas they have on hand a certain amount of high-grade lumber which commands fancy prices. Respondents further aver and say, as to the said low-
57 grade lumber, that prior to the market being afforded for this lumber north of the Ohio River the same was practically valueless to complainants, and that what profit they make from said low-grade lumber is practically all net gain, and is due to the fact that respondents and other railroad companies have afforded them a market where they can sell it.

Respondents deny that complainants will not be able to compete in the same markets with other low-grade lumber.

(*e*) Respondents deny that the rate on lumber previous to said advance was greater per ton mile than on coal, pig iron, cement, or other like products, value, weight, and cost of handling considered, or that said previous rate yielded an ample profit to the carriers; and respondents deny that the present rate on lumber is greater per ton per mile than on coal, pig iron, cement, or other like products, value, weight, and cost of handling considered.

The comparison made in the petition between the rates on lumber and those on coal and pig iron is unfair, irrelevant, and misleading. Coal and pig iron are practically indestructible in transportation. The wreck of a car loaded with either of them would not occasion much, if any, loss of the commodity, while lumber is broken to pieces, if wrecked, and is inflammable. Besides, lumber is a commodity that does not come into competition with coal, pig iron, or other like products. Coal is a very cheap commodity, and it is not

shipped at all from Southern Territory to the North Central and Western Territory. Pig iron is a crude commodity carried to manufacturing points, and it always gives to the carrier a second haul on the manufactured product.

Respondents aver and say that the principal elements in the extra cost of handling lumber, particularly from Louisiana and Mississippi, are as follows:

By reason of the extreme low minimum permitted on lumber shipments it enables retailers to order small shipments and get the benefit of carload rates. The total revenue tons an engine is capable of hauling depends entirely on the gross tons loaded into a car. An engine will haul 40 per cent. more revenue tons in 50-ton capacity cars, loaded to the maximum, than in the 20-ton cars loaded to their maximum, the latter being about the average tonnage of lumber. The friction of wheel to rail and bearings and on journal and the length of train are the ruling factors of resistance, and therefore the more cars that are required to haul a light tonnage the less will be the total gross tons that the engine can haul. In other words, there can be hauled about 35 per cent. more revenue tons of coal, grain, pig iron, billets, cement, and other heavy commodities with the same power and fuel expense than there can be hauled of lumber, and this is on account of the light loading of the lighter commodity.

58 The shorter the train, or the more tons per car with which freight is loaded, the greater is the amount of revenue freight an engine and train can handle. A train containing 1,000 tons of pig iron, coal, or cement, yields a much greater per cent of revenue freight to dead weight than a train containing the same amount of lumber. For example, the dead weight carried in transporting 1,000 tons of coal amounts to only 390 tons, while the dead weight carried in a train handling 1,000 tons of lumber is 600 tons. If a train consists of 1,000 gross tons, there will be 720 tons of coal to 280 tons of dead weight, while in a train of 1000 gross tons loaded with lumber there will be 625 tons of lumber to 375 tons of dead weight. An actual check of cars loaded with lumber, coming from the territory in question from connections with the Illinois Central Railroad Company and also upon said company's own line, shows the following:

Number of cars.	Stenciled capacity.	Maximum allowance.	Weight of contents.	Per cent of capacity used.
5	30,000	165,000	163,900	99.30
229	40,000	10,120,000	7,867,062	77.70
39	50,000	2,145,000	1,489,100	69.40
481	60,000	31,128,000	17,540,$32	56.50
32	80,000	2,816,000	1,424,500	50.50
786	.....	46,374,000	28,485,394	61.40

Thus it appears that the smaller the capacity of a car used in handling lumber the nearer is there an approach to loading to full capacity, and that as the capacity of the cars increases the proportion used diminishes. In cars of 80,000 pounds capacity only 50 per cent. is utilized in loading lumber, so far as weight is concerned, although doubtless more than 50 per cent. of their space capacity is utilized. This is not the case with corn, wheat, coal and other commodities. These facts are alike applicable to the other defendants. Therefore, it costs more to defendants to transport lumber than it does any of these other commodities, and the rate per ton per mile on these other commodities can not be looked to for establishing any discrimination against lumber.

Respondents deny that said previous rate on yellow-pine lumber yielded an ample profit to the carrier.

(*f*) Respondents admit that the character of yellow-pine lumber shipped by complainants in part is of such grade that for its transportation the carrier furnishes a naked platform or flat car, which the shippers are required to equip with standards, braces, and strips at their own expense; but respondents aver that said cars are furnished, as a general rule, at the request of said shippers. As a general rule shippers prefer to load lumber on flat cars rather than in
59 box cars. It is easier to load all kinds of lumber on flat cars than in box cars, and it costs the lumber shipper less to load and unload flat cars than it does to load and unload box cars. Certain kinds of lumber are too long to be loaded in box cars; and some kinds of lumber are *are* so long as to require two flat cars for their transportation.

Respondent's information and belief is that the cost of loading lumber in box cars is nearly twice as much as the cost of loading it on flat cars. In order to supply complainants and other members of the Central Yellow Pine Association with the necessary number of flat cars to move their lumber respondents are compelled to haul a large number of flat cars to the mills empty; and consequently the rates charged by respondents for the transportation of the lumber from the mills to the territory in question represents a transportation service rendered in carrying the empty flat cars to the mills as well as a transportation service rendered in carrying the loaded cars from the mills to said territory. In the case of the respondent, the Southern Railway, 85.3 per cent. of its flat-car equipment furnished for lumber shipments moves south empty.

In the case of respondent the Louisville & Nashville Railroad Company, practically all of its flat-car equipment furnished for lumber shipments sooner or later moves over its rails, south, empty.

In the case of the other respondents, except the respondent the Cincinnati, New Orleans & Texas Pacific Railway Company (which is not an initial line in the territory involved, and has not been called upon to furnish direct to the shippers cars for the handling of the lumber shipped by complainants), about the same per cent. of their flat-car equipment furnished for lumber shipments moves south empty.

Respondents aver and say that a large number of such cars fur-

nished to shippers are from foreign lines, and for these respondents are required to pay a per diem charge or rental of 20 cents per day, which adds materially to the cost of the carriage, and by reason of the fact that said cars are hauled south bound empty the rates charged complainants to Ohio River points and points beyond represent a charge for transportation in both directions.

Respondents admit that the shipper is required to equip with standards, strips, and supports, platform or flat cars upon which lumber is loaded for transportation. The object of the requirement is to prevent the lumber from falling off the cars while they are in motion. Similar requirements are made of others who ship articles which require similar precaution. Said requirement is universally enforced on railroads in the United States, and it is in fact a rule of the Master Car Builders' Association of the United States.

Respondents deny that they require shippers to make the standards, strips, and supports "of high grade lumber;" the only
60 requirement on the subject is contained in the following rules of the Master Car Builders' Association, viz:

12. "All stakes, clamping pieces, bearing pieces and braces must be sound, straight-grained lumber (hardwood preferred), free from knots that would materially impair their strength. Care must be taken to keep the stakes from spreading at the top while the cars are being loaded, and in no case must a load exceed the width of a car. Stakes should not be less than 4 inches wide by 5 inches deep, tapered at the ends to accurately fit into stake pockets, which should not be less than 3½ by 5 inches.

13. "Opposite stakes must always be fastened together. When the specified fastening is by means of boards there must be two boards for every pair of stakes, each board not less than 1 by 6 inches in section, and fastened at each end by not less than three tenpenny nails. When the specified fastening is by means of wire, the wire must be equal to six strands, or three wrappings of No. 8 telegraph wire, and the wire must be secured to prevent it from slipping."

Respondents do not know the exact cost to the shipper of equipping flat cars with standards, strips, and supports, but their information and belief is that $1.25 per car is the average cost, and that the maximum cost for a single car would not exceed $1.50. These estimates include all cost of labor and material in preparing said car for such shipments.

Respondents have given their best information and belief as to the average and maximum cost of equipping cars of lumber for transportation, and, upon such information and belief, respondents deny that the cost of equipping platform or flat cars for the shipment of lumber from Mississippi points alone amounts to from $50,000 to $100,000 per year, or an average of $2.50 to $3 per car, and respondents aver and say that the aggregate amount of such cost will depend upon the number of cars shipped.

Respondents admit that the shipper is required to pay freight on the increased weight of said equipment, but their information and belief is, and they so aver, that said freight rates on said equipment

will not amount to more than $1 to $1.25 per car, and will not amount to $3 per car as alleged in the complaint.

Respondents aver and say that as an offset to the requirement that shippers must equip platform or flat cars with standards, strips, and supports, and pay freight upon their weight, it is a common practice for shippers of lumber to load the cars below their marked capacity; the result of which is to deprive the carriers of the additional revenue which they would have obtained had the cars been loaded to their full capacity.

There are similar requirements for making secure carloads
61 of structural material, plates, rails, girders, cast-iron pipe, tanbark, etc., when loaded on open cars, and shippers are required to furnish and pay freight on standards, strips, and supports to protect the load. Shippers of live stock are required to bed cars at their own expense, and when partitions are necessary for the separation of the stock, shippers are required to provide said partitions at their own expense.

When it is necessary to protect and secure by proper bracing shipments of machinery, agricultural implements, vehicles, and other articles, the expense of providing such protection is borne by the shipper, and freight charges on practically all classes of traffic which require protection by crating or other packing are assessed upon the basis of gross weight.

The so-called burden of equipping platform or flat cars so as to protect the lumber is really not a burden at all; it is a natural and necessary incident of carrying lumber on flat cars, most of which have to be hauled to the mills empty. Formerly the carriers charged 3 cents per hundred pounds additional for lumber carried on flat cars, in partial recognition of the additional disadvantage to which the carrier is subjected in being compelled to haul the flat cars to the mills empty, and in being compelled in the case of long lumber to furnish two or more flat cars, one of which is known as an "idler."

Respondents are informed and believe that all dressed lumber 20 feet or less in length can be transported, and, in fact, most of it is transported in box cars, and that whenever said box cars are used by complainants there is no additional charge incident to such transportation.

Respondents would prefer furnishing box cars for hauling lumber, but complainants, as hereinbefore stated, on account of the increased cost to them of loading said box cars, demand that they be furnished with naked platform or flat cars, and therefore these cars are furnished not as a matter of choice by respondents, but to accommodate complainants. Box cars could be furnished in the natural course of business, and at less cost to respondents.

Said box cars are hauled south loaded, and are in the territory and ready to perform this service, and would be tendered for this service if they were acceptable to complainants.

Flat cars are hauled empty from St. Louis and Chicago and other western points to the South to afford complainants and like shippers

the desired equipment, and also for loading their heavy timbers and sills, which can not be put into box cars. To meet this demand, coal cars and flat cars are frequently sent south empty from northern and eastern points also, and thus an additional haul without any compensation is incurred by respondents to afford complainants and like shippers such cars as they desire.

62 (*g*) Respondents deny that there is any discrimination through or on account of any rebate. They severally deny that either of them has any connection with or any participation in any way in any rebates given to shippers from the yellow-pine regions of Arkansas and trans-Mississippi Louisiana whose products compete with the products of complainants' mills in the same markets.

Respondents severally deny that they charge lower freight rates to any of their patrons than they charge complainants for similar services. They say that the rates charged shippers from the yellow-pine regions of Arkansas and trans-Mississippi Louisiana are made by railroad companies over which they have no control whatever, and with which they have no agreement, understanding, or combination whatever in respect of any rebate given to any such shippers. Respondents are advised and insist that they are not under any obligation, either under the common law or under any statute of the United States, to meet the rates given by carriers from Arkansas and Louisiana west of the Mississippi River, and they further aver and say that they have no power in any way to regulate or control such rates. Respondents aver and say that what complainants mean by said rebates is that certain railway companies in Louisiana and Arkansas make a division of rates with certain of their shippers, who own and operate in connection with their roads what are called "tap-line roads," and that by reason of the amount so allowed by such railway carriers west of the Mississippi River to such owners of tap-line roads such owners get an advantage whereby they are enabled to make a larger profit in [illegible]g their lumber in competition with complainants than they would make but for such alleged tap-line divisions. Respondents aver and say that they have nothing to do with and no control over any of said divisions, and are not participants in any way therein; that if such divisions constitute rebates and are unlawful, then the proper remedy is not to seek relief in this proceeding against respondents for the purpose of controlling their rates and making them bear the burden of an unjust and unlawful discrimination exercised by other common carriers, who are their competitors and over whom they have no control. The proper and only remedy for such a wrong, if any wrong exists, is before this honorable Commission or before the United States court in a direct proceeding against such alleged wrongdoers.

Respondents aver and say that the Central Yellow Pine Association, the complainant in this case, has filed a complaint before this honorable Commission against the Vicksburg, Shreveport & Pacific Railway Company, the Kansas City Southern Railway Company, the St. Louis Southeastern Railway Company, and the St. Louis, Iron

Mountain & Southern Railway Company, seeking relief from
63 the very conditions complained of in respect to such alleged rebates in this complaint; and they say that this honorable Commission has no jurisdiction over the present complaint in that respect, and can make no proper decree or order against these respondents which would remove the evil, if any evil exists.

Respondents severally deny that through any action on their part they are unduly advancing their rates or that complainants' members are placed at a double disadvantage in at least all markets reached via Cairo, Illinois, as a basing point.

(*h*) Respondents severally deny that said advance in rate is an unjust or unreasonable burden upon complainant or the public.

Respondents severally deny that during the fiscal year 1902-3 they earned an unusual or unreasonably large net profit on the capital invested in their business.

Respondents severally deny that their capital stock grossly exceeds as to the public, or as a basis for rates, the actual cost of the construction and equipment of their respective railroads.

Respondents severally deny that their bonded indebtedness grossly exceeds the fair valuation of the respective properties of respondents.

Respondents deny that it is unjust or unreasonable to impose upon the business of complainants said increase in rate of 2 cents per hundred pounds.

Respondents severally deny that they earn or pay any dividends on any excess of capital stock or principal or interest on any excess of bonded indebtedness. On the contrary, respondents severally aver and say that the amount of their capital stock and bonded indebtedness honestly represents the cost of their respective properties.

Respondents deny that by reason of this increase in their rates on lumber they will earn an unreasonable compensation, or that the same is an unreasonable charge on yellow-pine lumber, and they further deny that said increase is unjust, unlawful, or unreasonable; but, on the contrary, they aver and say that the same is a reasonable, just, and lawful charge for the services performed.

IX.

Respondents admit that the only effect of the increase of the tariff on lumber will be that complainants will demand and receive of consumers in addition to the high price now asked the additional amount paid by them in freight. Respondents, however, do not admit that such should be the result, but aver and say that complainants' profits have been so large in the past few years, and still are, that they could well afford to sell at the same price and still make a fair and reasonable profit on their product.

64 Respondents deny that complainants have already lost ground in the markets above mentioned on account of the disadvantages to which they are put by said advance in freight; but, on the contrary, respondents aver and say that complainants' rights and interests in common with those engaged in the lumber trade in

the territory in which complainants do business will not be vitally or injuriously affected by said increase of rates; but, on the contrary, as hereinbefore stated, respondents aver that complainants and all other persons engaged in the lumber trade in said territory will add the amount of the proposed increase of rates to the prices which they will charge purchasers for lumber, and therefore the rights and interests of complainants and others engaged in the lumber trade in said territory will not be injuriously affected at all.

Complainants adroitly aver that the prices of yellow-pine lumber have remained practically stationary during the last year, but they carefully omit to aver, as the fact is, that the market value of said lumber from 1897 to January 1, 1902, was increased not less than 60 per cent. Respondents admit that there has been some increase in the cost of production of yellow-pine lumber, and aver and say that it consists in the items of raw material, labor, and feed for stock, all of which have materially advanced in price.

Respondents aver and say that in the manufacture of lumber, as in the manufacture of everything else, the minimum cost per unit can only be obtained where conditions permit maximum production, and respondents aver and say that the conditions existing in the territory wherein complainants are located do permit a maximum production of lumber in said territory.

Respondents are informed and believe that complainants will increase—indeed, have already, as hereinbefore stated, increased—their prices on lumber so as to cover and in some cases more than cover such increase in rate; and, although this rate has been effective since April 15, 1903, it has not diminished the movement of the traffic.

Respondents aver and say that said increase will allow complainants and other manufacturers a reasonable return upon the money they have invested in their respective industries; and they say upon information and belief that complainants' is a very prosperous industry, and that it is yielding them a large and very handsome profit, and that they receive a reasonable return for the money invested in their plants and in labor and other costs of production; that the traffic will bear the increase in freight rates, and that such increase in freight rates has not destroyed the profit of the industry or limited or circumscribed the territory in which complainants' products can be marketed; nor has it practically destroyed the margin of profitable operation. On the contrary, respondents, on information
65 and belief, aver that the profits heretofore and now derived from their mills by these complainants and other persons in the territory occupied by them engaged in similar industries are unusual and excessively large.

Respondents have no knowledge of any particular hypothesis that was acted upon in readjusting their tariffs on lumber. They aver and say that the prior rate was not in their respective judgments an adequate compensation for the service rendered, and that they were entitled under the law to an adequate compensation for the services they were performing for complainants, and therefore accordingly advanced their rates on lumber 2 cents per hundred pounds.

X.

Respondents deny that said increase places complainants' product at an unfair disadvantage with other woods or lumber in competing markets, or that the same was unnecessary to enable respondents to earn a reasonable return upon their investments.

Respondents aver and say that yellow-pine lumber has not been singled out to bear the whole burden of increased rates. On the contrary, on account of the general prosperity of the country and of those engaged in business, and on account of the increased cost of doing business to the railroad companies and the market reduction in their net revenues, although there has been a great increase in the volume of service performed, respondents have felt the necessity for increasing their revenues and their right to participate in the general prosperity enjoyed by all other industries in the country, and have therefore sought from time to time, with a due regard to the industries along their lines, and to their patrons, to equitably distribute the burden of the aggregate increase, which they felt they would be justified in making, and so have not undertaken to put, and have not put, all such increase upon yellow-pine lumber, but have distributed it and are expecting to continue to distribute it fairly and justly among their shippers.

The Illinois Central Railroad Company says that the increased rate will apply to all woods except those upon which the rates are fixed by water competition.

The Southern Railway Company and the Alabama Great Southern Railroad Company say that said increase will be made to apply to all other woods that may be carried by them from yellow-pine territory to the competitive territory mentioned, though there is no other lumber shipped over the line of the Southern Railway to Ohio River points or beyond from the yellow-pine territory which comes into competition with yellow-pine lumber.

66 Respondent avers and says that this honorable Commission in its last annual report mentioned 531 commodities upon which the rates have been increased in the Southern Territory, which commodities are now moving freely, notwithstanding that their rates have been advanced.

As an illustration of how the railroad companies generally have, during the past year, been doing a larger volume of business at greatly increased expense and with a less net revenue, respondent, the Illinois Central Railroad Company, exhibits the following comparison of net revenue for the seven months ended January 31, 1903 and 1902:

	This year.	Last year.	Increase.
Miles operated	4,300	4,284	16
Gross receipts from traffic	$25,834,846	$24,128,583	$1,706,263
Less operating expenses and taxes	18,100,820	16,106,723	1,994,097
Excess of receipts over operating expenses and taxes	7,734,026	8,021,860	a 287,834

a Decrease.

Thus it is shown that for the seven months ending January 31, 1903, there was an increase in gross receipts from traffic over the corresponding seven months of the preceding year of $1,706,263; that for the same period there was an increase in operating expenses of $1,994,097, and that notwithstanding said increase of $1,706,263 of gross revenue, there was a decrease of net revenue of $287,834. This comparison, with varying figures, applies to all respondents. This increase in operating expenses was due to increase in the wages of employés as well as in the cost of supplies. The compensation of almost every class of railroad labor has been increased materially during the past year. The taxes of the Illinois Central Railroad Company increased $65,069.51, or 4.8 per cent. The proportion of operating expenses to gross earnings on the Illinois Central Railroad for the first eight months of the current fiscal year was 66 per cent. as against 63 per cent. during the same period of the previous year, and this comparison is made on exactly the same basis and under the same policy of maintenance of the property as in former years, no unusual amounts having been charged to betterments, improvements, or other accounts. For the eight months ending February 28, 1903, compared with the same period a year ago, the operations of the Illinois Central Railroad Company show that the average receipts per ton per mile of revenue freight were 5.87 mills as against 6.38 mills last year, and that in spite of the increased expenses and reduced net earnings the tons of freight carried during the period mentioned were 14,530,311 tons this year, as against 12,675,287 tons last year, an increased tonnage of 14.6 per cent., with a decrease in net
67 revenue of 2 per cent. In the month of February, 1903, the number of employés required to handle the increased tonnage of the Illinois Central Railroad was 35,575, as against 31,482 engaged in the service during the same month for the previous year. For the eight months ending February 28, 1903, the operating expenses of the Illinois Central Railroad per revenue train mile were $1.03-11, as against $0.97-17 for the corresponding eight months of the previous year, showing an increase of nearly $0.06 per train mile.

The Southern Railway Company shows that the net revenues of

STATE OF KENTUCKY, *County of Jefferson, ss:*

Personally appeared before me —— ——, a notary public, duly and regularly appointed, commissioned, and qualified in and for the State and county aforesaid, —— ——, who made oath in due form of law that he is the — of the Louisville & Nashville Railroad Company, one of the respondents in this proceeding; that the facts stated in the foregoing answer are true to the best of his knowledge, information, remembrance, and belief.

—— ——.

Sworn to and subscribed before me this — day of July, 1903.

Witness my hand and notarial seal at office in ——, this — day of August, 1903.

—— ——,
Notary Public.

NOTE.—Exhibit 1 to the foregoing answer, being "Articles of Association of the Southeastern Mississippi Valley Association," is hereinbefore set forth as Exhibit A to answer of Mobile & Ohio Railroad Company.

70 EXHIBIT G.

71 No. 707.

THE CENTRAL YELLOW PINE ASSOCIATION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY; THE GULF & SHIP ISLAND RAILROAD COMPANY; THE SOUTHERN RAILWAY COMPANY; THE MOBILE & OHIO RAILROAD COMPANY; THE NEW ORLEANS & NORTH EASTERN RAILROAD COMPANY; THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY; THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY; THE ALABAMA & VICKSBURG RAILWAY COMPANY; THE LOUISVILLE & NASHVILLE RAILROAD COMPANY; THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

Decided February 7, 1905.

Complaint was made of an advance by defendants of 2 cents per 100 pounds on April 15, 1903 (except as to the L. & N. R. Co., as to which the advance became effective June 22, 1903), in the rates on lumber in carloads from points in lumber producing territories east of the Mississippi River in Louisiana, Mississippi, and part of Alabama served by defendant roads, to Ohio River points, applying both on shipments locally to such Ohio River points and to shipments destined beyond. On September 9, 1899, the rate previously in effect from May 1, 1894, was advanced one cent, making a total advance of 3 cents since May 1, 1894. The rates prior to the advance on

April 15, 1903, were remunerative to the defendant carriers. *Held*:—

1. That when a railroad company advances a rate which has been for some time in force, the fact of its continuance is in the nature of an admission against that company which tends to show the unreasonableness of the advance; and in this case the rates in effect for long periods prior to the advance are shown to have been profitable to the defendant carriers.

72 2. That the test of the reasonableness of a rate is not the amount of profit in the business of the shipper or manufacturer, but whether the rate yields a reasonable compensation for the services performed. Carriers necessarily and justly participate in the prosperity of their patrons in the resultant enlargement of their own business.

3. That the advance in rates by defendants was not justified by increase cost of operating the roads, for while the operating expenses have constantly increased, they have been enlarged by the inclusion therein of large expenditures for permanent improvements, and defendants' gross earnings have increased from year to year to such extent as to result in a constant increase of net earnings.

4. That the value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on one among thousands of articles of traffic yields its proper proportion of a fair return upon that value, and moreover, the voluminous and conflicting testimony in this case on that subject does not enable the Commission to determine the value of defendants' respective properties.

5. That the elements to be considered in determining the reasonableness of an entire system of rates are widely different from those involved in the question of the reasonableness of the rate upon a single commodity.

6. That the advance of rates complained of in this case was the result of concerted action by defendants and other carriers; and while the question whether such concert of action is in violation of the "Anti-Trust Act" is for determination only by the courts, it is the province and duty of this Commission, when the reasonableness of rates is in issue before it, to consider whether the advanced rates resulted from untrammeled competition, or were fixed by concert of action or combination of carriers.

7. That the rates in effect prior to the advance were reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various conditions affecting the service of transportation.

8. That carriers have no right to advance a rate which is already reasonably high and which yields an adequate re-

turn for the services rendered solely because additional revenue is needed.

9. That logging roads, or "tap lines," to which the defendant M. & O. R. Co. grants allowances from its published rates, are not common carriers, but such tap lines are the private properties of mill owners, and the allowances are therefore unlawful. Cent. Yellow Pine Assn. *v.* V. S. & P. R. R. Co. (10 I. C. C. Rep. 193), cited and applied.

10. That section 3, of the Act to regulate commerce, which prohibits undue preferences as between individuals or localities, is not violated by the failure or refusal of defendants to make "tap line" allowances to mill owners in their territory while such allowances are granted to mill owners by other
73 carriers in the territory west of the Mississippi; but if the rate west of the Mississippi River, minus the allowance, is reasonable, it tends to support the proposition that a similar reduction east of the River would leave the rate reasonably high; and the M. & O. R. Co., by voluntarily making such allowances east of the River, practically concedes this proposition as to itself.

11. That no rule is more firmly grounded in reason or more universally recognized by carriers, than that the greater the tonnage of an article of traffic, the lower should be the rate, but defendants have made yellow pine lumber an exception to this rule.

12. That lumber rates should be relatively low, in view of the fact that lumber is inexpensive freight and few other commodities furnish to carriers so large a tonnage; that the lumber business is constant, yielding carriers revenue all the year; that no special equipment is constructed or furnished for its carriage; that it is loaded by shippers and unloaded by consignees, and where open cars are furnished the shipper is required, at considerable expense, to equip them so as to protect the lumber and the train; and that there is small risk and in case of accident the damage is insignificant.

13. That the advance on April 15, 1903, of 2 cents per 100 pounds in the rate from the shipping points in question to the Ohio River was not warranted, and that the resultant increased rates are unreasonable and unjust.

Green & Green and *T. M. Miller* for complainant.
Ed. Baxter for defendants.
Sidney T. Andrews for Illinois Central Railroad Company.
Claudian B. Northrop for Southern Railway Company.

Report and Opinion of the Commission.

CLEMENTS, *Commissioner:*

The complainant is an incorporated association composed, as alleged in the complaint, of a large number "of persons, firms and corporations" engaged in the business of manufacturing yello

pine lumber in the states of Mississippi, Alabama and that part of Louisiana east of the Mississippi River, its declared object being to protect the interests of the manufacturers of yellow pine lumber in that territory in the matter of transportation rates.

The defendants are common carriers by rail engaged in interstate commerce, and, in particular, in the transportation of yellow pine lumber from the mills and lumber plants of complainant's
74 members in said territory to, for the most part, the territory known as "Central Freight Association Territory," which lies on and north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, and complainant's members are dependent upon the defendants for the transportation of their lumber to the markets of the country.

The Mobile, Jackson & Kansas City Railroad was made a party defendant, but, it appearing that that road was not directly interested in or responsible for the rate or matter in issue, the case was on motion of counsel for the complainant dismissed as to it.

The complainant charges, in substance, that the defendants, on the one hand, and, on the other hand, the several railway companies carrying yellow pine lumber into the same markets from the territory west of the Mississippi River, embracing the states of Texas, Arkansas and that part of Louisiana west of that river, met through representative officials and by agreement advanced the rate on yellow pine lumber, from the territories both east and west of the Mississippi to points on and beyond the Ohio River in said Central Freight Association Territory, 2 cents per hundred pounds, making said advance applicable south of the Ohio River and effective on and from April 15, 1903, except as to the Louisville & Nashville road as to which it became effective June 22, 1903; that the defendants from time to time prior to April 15, 1903, had advanced their lumber rates, and that the rates effective prior to that date "contained really higher charges for the transportation of yellow pine lumber of complainant and others similarly situated than the reasonable and just value of said service would allow;" and that—

"Said increase on yellow pine lumber is unjust, unreasonable, arbitrary and discriminatory, in direct contravention of the provisions of the Act to regulate commerce, and is destructive of and wholly injurious to the business of complainant and others similarly situated, and largely impairs the value of their property by the placing of an unnecessary and grievous burden and tax upon the transportation of their products and by rendering practically
75 inaccessible their available markets and defeating equal competition in said large territory (Central Freight Association Territory) without any cause; that said unjust and unlawful increase imposes upon yellow pine lumber shipped by complainant's members and others similarly situated, carried as interstate commerce under like circumstances and conditions, an excessive burden out of line with and far more grievous than is sustained by the same products from other points and by other products and commodities

of like weight, cost of carriage, value, service and all other conditions considered."

The complaint further charges that

"The railroads transporting yellow-pine lumber from the yellow pine regions of Arkansas and Trans-Mississippi Louisiana, and which yellow pine lumber competes with the products of complainant's mills in the same market, not only charged lower freight rates to their patrons, but allow them a rebate in the shape of so-called tap-line divisions through the logging railroads owned by them and used for bringing logs from the woods to their saw mills."

The complainant alleges many matters, which will be hereinafter considered, in support of these charges, and in conclusion prays that an order be made declaring said advanced rate "excessive, unjust and unreasonable as well as discriminative, in violation of the Act to regulate commerce," and requiring the defendants "to desist from enforcing their unlawful and unreasonable tariffs now effective on yellow pine lumber." There is also a prayer for general relief.

The defendants in their answers specifically deny all the charges in the complaint and also the principal matters set up therein as sustaining those charges. The main grounds upon which the defendants seek to justify the advance in the rate complained of, are:

1. The alleged improved market conditions prior to April 15, 1903, which resulted in an increase in the price of lumber.
2. The alleged increased cost of operating the railroads.
3. The alleged fact that lumber, considering its character and the conditions attending its transportation, was not yielding its
76 proportion of the revenue required by the defendants to meet their expenses.

The complainant claims, in brief, that the greatly increased and constantly increasing tonnage of the lumber traffic and of traffic in general of the roads and resultant increase in earnings, called for a reduction rather than an advance in the rate; that the rate, as before stated, prior to the advance yielded at least a reasonable, if not an excessive, return for the service rendered and that the facts, if they exist, that the lumber business had prospered and grown more profitable and that the expenses of the roads had increased, were no grounds for the advance of a rate already reasonably high.

After having given the entire record the long and careful consideration absolutely necessary, we find the following to be the controlling facts.

Findings of Fact.

1. The lumber producing districts which are concerned in the matters involved in this case may be divided into, first, territory west of the Mississippi composed of Louisiana west of that river, and Arkansas and Texas; second, Louisiana east of the river, Mississippi and part of Alabama, and, third, Georgia, Florida and part of Alabama, called Southeastern Territory. The lumbermen in each of these districts compete in the sale of their products in the same markets which are principally in the territory on and north of the

Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, known as "Central Freight Association Territory."

The roads of the defendant carriers are located in the second of these territories, namely, that east of the Mississippi, in Louisiana, Mississippi and part of Alabama, and run through and serve the lumber producing districts in that territory.

2. The advance in the rates complained of was from the lumber producing territories west as well as east of the Mississippi River and was made, in fact, though not expressly, by agreement between the defendants and the roads west of the Mississippi. Several meetings were held and consultations had between the rep-
77 resentatives of the lines serving both territories which finally resulted in the advance made. It was understood to be impracticable for the lines east of the Mississippi to advance their rates without a corresponding advance by the lines west of the Mississippi and consequently there was a concurrence or agreement between them before the advance was made. The roads east of the Mississippi (defendants) appear to have taken the initiative in this matter.

The advance was 2 cents per hundred pounds, effective April 15, 1903, except as to the Louisville & Nashville road, as to which it became effective June 22, 1903. It was made applicable to St. Louis, East St. Louis and all Mississippi River crossings from St. Louis to and including Memphis and to all Ohio River crossings from Cairo to Cincinnati, both inclusive.

At Cairo traffic from the mills in a large portion of the lumber producing districts west as well as east of the Mississippi River meets or converges *en route* to destinations, the line to Cairo being the short line from the greater part of those districts. The rates to the other Ohio River crossings, Evansville, Louisville and Cincinnati, are said to be based on Cairo; that is, they bear a fixed relation to the Cairo rate, being higher by certain amounts and being correspondingly advanced or reduced as the Cairo rate is advanced or reduced. The through rates to interior points beyond the Ohio River in Central Freight Association Territory are made up of the full local rates of the roads north of the Ohio as the proportions of those roads and whatever is left of the through rates as the proportions of the roads south of the Ohio. The rates to interior points north of the Ohio are made on the lowest combination of rates to the Ohio plus the rates beyond, and are blanket rates, being the same from all shipping points or points of production to the same destination.

The Ohio River point rates are to the north bank of the River and include or absorb the bridge tolls. The bridge tolls or transfer charges are 2 cents per hundred pounds at Cairo, 1½ cents at Evansville, 1 cent at Louisville and 2 cents at Cincinnati.

3. The rates to the Ohio River crossings from Louisiana
78 east of the Mississippi and Mississippi and part of Alabama and from Louisiana west of the Mississippi and Arkansas at the date of the advance of 2 cents, April 15, 1903, and as increased by that advance, were as shown below:

From—	To—			
	Cairo.	Evansville.	Louisville.	Cincinnati.
Arkansas.....	16 cts.	23 cts.	27 cts.	27 cts.
Louisiana, Mississippi, and Alabama.....	16 cts.	22 cts.	21 cts.	23 cts.

(NOTE.—The rate (16 cents) from Texas points to Cairo in force at date of advance has been restored.)

Peoria, Indianapolis and Columbus are fairly representative points or markets for lumber in Ohio, Indiana and Illinois. The total through rates via Ohio River crossings to those points and to Chicago at the date of the advance and as increased by the advance, were as follows:

To—	Rates in force at date of advance.	Rates as increased by advance.
Peoria.....	23 cents.	25 cents.
Indianapolis.....	24 "	26 "
Columbus.....	27 "	29 "
Chicago.....	24 "	26 "

As before stated, the roads north of the Ohio charge their full local rates from the Ohio River to the lumber markets in Central Freight Association Territory as their proportions of the through rates.

There are divisions of the rates south of Ohio between what are termed the "originating roads" on which the lumber is principally manufactured and the roads intermediate between those originating roads and the Ohio River. The principal originating roads named in the testimony are the Gulf & Ship Island road, extending from Gulf Port on the Gulf of Mexico to Jackson, Miss., and the New Orleans & Northeastern road extending from New Orleans to Meridian, Miss. The Illinois Central road connects with the Gulf & Ship Island road at Jackson and on lumber received from the Gulf & Ship Island road at that point the Illinois Central allows that road a division of 7 cents out of the rate to the Ohio River. This allowance commenced in 1899 and by contract between the roads
79 is to continue 10 years. At Meridian the Mobile & Ohio road connects with the New Orleans & Northeastern and on lumber received from that road allows it 6 cents out of the rate to the Ohio. The Alabama Great Southern road and its connections also pay at Meridian to the originating road a division of 6 cents.

4. The divisions allowed the originating roads are large in proportion to the length of the hauls made by them and in proportion to the balances of the rates left for the intermediate roads. For example, the average distance from lumber manufacturing points on the Gulf & Ship Island road to Jackson is 80 miles. At 7 cents a hundred pounds for a haul of this length, the rate per ton per mile is 1.75 cents or 17½ mills.

Out of the balance of the 16 cent rate to Cairo, to wit, 9 cents

left the Illinois Central road for the haul from Jackson to Cairo, a distance of 366 miles, comes the bridge toll of 2 cents at Cairo, leaving a net rate of 7 cents, which amounts to 3.8 mills per ton per mile.

While the rate per ton per mile yielded by the proportions of the through rates received by the intermediate roads is small, the rate per ton per mile under the total rate to the Ohio, *which the shipper has to pay*, is materially larger. For illustration, taking 80 miles as the average distance from lumber shipping points on the Gulf & Ship Island road to Jackson and the distance from Jackson to Cairo as 366 miles, there is a total of 446 miles, and for this distance the total rate of 16 cents yields a rate per ton per mile of 7.17 mills.

The short line distances from the two representative lumber shipping points, Hattiesburg, Miss., on the New Orleans & Northeastern road, and McComb City, Miss., on the Illinois Central road to Ohio River points, the total rates to those points as advanced and rates per ton per mile, are as shown in the following table:

	From Hattiesburg.			From McComb City.		
To	Miles.	Rates.	Rates per ton per mile.	Miles.	Rates.	Rates per ton per mile.
Cairo.....	432	16 cts.	7.4 mills.	444	16 cts.	7.2 mills.
Evansville...	578	22 "	7.6 "	584	22 "	7.5 "
Louisville...	622	21 "	6.7 "	643	21 "	6.5 "
Cincinnati...	709	23 "	6.4 "	757	23 "	6. "

80 Under the rates in force at the time of the advance, April 15, 1903, to wit, 14 cts. to Cairo, 20 cts. to Evansville, 19 cts. to Louisville and 21 cts. to Cincinnati, the rates per ton per mile were as follows:

To	From Hattiesburg. Rates per ton per mile.	From McComb City. Rates per ton per mile.
Cairo.....	6.4 mills.	6.3 mills.
Evansville.....	6.9 "	6.8 "
Louisville.....	6.1 "	5.9 "
Cincinnati.....	5.9 "	5.5 "

The average of the above rates from Hattiesburg is 6.3 mills per ton per mile and from McComb City 6.1 mills.

Lumber consigned via the Ohio River crossings to interior points north of the River is not always shipped by the short lines, but the rates to such interior points are, as before stated, the lowest combination of the rates to the Ohio plus the rates beyond. The advanced rates per ton per mile by the shortest available lines from representative shipping points in Alabama, Mississippi and that part of Louisiana east of the Mississippi River, to Peoria, Indianapolis, Columbus and Chicago, are as follows:

To	
Peoria	6.45 mills.
Indianapolis	6.77 "
Columbus	6.25 "
Chicago	6.07 "
Average	6.38 "

Lumber is a low class traffic (class 6 under both the Southern and Official Classifications), much below the average classification, but the average rate per ton per mile on lumber originating on the Illinois Central road in 1903 was greater than the average, 5.91 mills, on all traffic. The lumber rates per ton per mile involved in this case are higher than those between numerous other points.

5. There have been from time to time changes or fluctuations in the rate. Prior to 1894 the roads west of the Mississippi claimed and were allowed a differential of 2 cents which necessarily
81 resulted in placing at a disadvantage in the common markets the shippers east of the Mississippi. In order to do away with this, a readjustment of their rates was made by the defendants east of the Mississippi and on May 1, 1894, the rate to Cairo from east of the Mississippi was reduced to 13 cents per hundred pounds, the latter being the rate in force from west of the Mississippi. The shippers from the two territories were thus placed on an equality so far as the *published* rates were concerned. The rate to Cairo remained 13 cents per hundred pounds up to September 9, 1899, a period of about 5 years, when it was advanced to 14 cents. It remained 14 cents from September 9, 1899, until April 15, 1903, nearly 4 years, when the advance of 2 cents complained of in this case was made, thereby increasing the Cairo rate to 16 cents. The rate to the other Ohio River points, Evansville, Louisville and Cincinnati, being, as above stated, based upon the Cairo rate, these changes in the rates to Cairo resulted in corresponding changes in the rates to those points.

6. Mills for the manufacture of lumber are located for the most part on railway lines where they traverse the lumber producing districts. Until the lumber near the mills is cut, the logs are hauled to the mills by teams. When this becomes impracticable, railways built into the timber are used. These railways are called "logging roads." The railway lines west of the Mississippi make a certain allowance to the mill owners for the transportation of the logs over these logging roads to the mills. This is called a "tap line allowance or division." This tap line allowance ranges from 1 and 2 cents per hundred pounds up to as high as 6 cents, and varies to some extent according to the destination of the traffic.

The mills east of the Mississippi located on the lines of defendants have logging roads as well as those west of the Mississippi. The defendants, as a rule, however, make no tap line allowances to those mills. The only exception is the Mobile & Ohio road which does grant such allowance to about four mills located on its line. The New Orleans & Northeastern road has from time to time, beginning

with June 28, 1897, put in a tap line allowance of 2 cents per hundred pounds, but the other roads east of the Mississippi ob-
82 jected and those allowances were withdrawn. There does not appear to be any reason for the allowance of tap line divisions west of the Mississippi which does not apply east of the Mississippi.

The tap line allowance which is paid by the roads west of the Mississippi amounts to a rebate or reduction from the regularly published rate and gives an advantage to the mills west of the Mississippi over those east of the Mississippi, although the published rates from both are the same.

7. The first lumber business east of the Mississippi following the civil war was local. Little, if any, lumber was shipped north of the Ohio River. The manufacture of lumber was then largely for the rebuilding of dwellings and towns which had been destroyed during the progress of the war. There was next the local demand of the railroads for structural and other lumber used by them. In 1875 lumber began to move north of the Ohio and the tonnage of the lumber traffic hauled by the roads has greatly and almost continuously increased from that time to the present. In 1877 and 1878 the demand for lumber north of the Ohio River was greater than the mills could supply and the price was advanced.

The shipments from points on the Louisville & Nashville road in Florida and Alabama to Ohio River points and beyond increased from 2540 cars in 1888 to 7011 cars in 1902 and 6502 cars for the nine months in 1903 ended September 30th.

The shipments in 1903, on April 15 of which year the advance of 2 cents in the rate was made, were largely greater than those of the preceding year, 1902. The shipments to points without the State of Mississippi from the mills of Eastman, Gardiner & Co. (one of complainant's members), at Laurel, Mississippi, on the Southern Railway and at the terminus of the Laurel Branch of the Gulf & Ship Island Railroad, increased from 2712 carloads in 1890 to 3530 in 1903, a gain of 818 carloads.

The movement of lumber via the Southern Railway from points in Florida, Georgia, Alabama and Mississippi and East Louisiana to points on and north of the Ohio River for the 10 months ending October 31, 1902, was 8027 cars, and for the corresponding
83 period of 1903, 9743 cars, an increase of 1716 cars or 21.3 per cent. The increase for the first quarter of 1903 preceding the advance in the rate was 29.5 per cent. and for the remainder of the year following the advance was 18.2 per cent.

For the first 10 months of 1902, there was moved over the New Orleans & Northeastern Railway (part of the Southern Railway system extending from New Orleans through part of east Louisiana and Mississippi to Meridian) 5067 cars of lumber and for the corresponding period for the year 1903, 6039 cars.

The movement of lumber from Alabama, Florida, Georgia, Louisiana and Mississippi through Cairo and Mounds, Illinois, was in 1902, 18,269 cars and during 1903, 20,540 cars, an increase of 2271 cars.

8. The total lumber shipped from Mississippi and that part of

Louisiana east of the Mississippi River is approximately 12,300 cars per month or 147,600 cars per annum. Of this 118,000 cars per annum are shipped to interior points and the balance to the seacoast for export. The estimate is that expressed in feet; the shipments to the interior amount to about 1,500,000,000 feet.

There is a rich pine region in Alabama between Montgomery and Mobile and a large number of lumber mills, and also mills in Florida and Georgia, but the testimony does not show the total shipments from these mills.

The capital invested in the lumber business exclusive of the lumber in Mississippi, East Louisiana and Alabama is estimated at $5,000,000 and the total annual value of the lumber product at about $16,000,000.

9. The advance of 2 cents per hundred pounds amounts on the aggregate output of the lumber mills to a materially large sum. The average loading per car of 404 cars of lumber shipped from the mills of Eastman, Gardiner & Co., (Laurel, Miss.) during the month of June, 1903, was 43,538 pounds. On this carload the advance is something over $8.70, and on the 404 cars, over $3,514.80. On the
118,000 cars (with the same average carload applied) shipped
84 annually to inferior points from Mississippi and East Louisiana, the aggregate increase in rate would be $1,026,600.

The weight of lumber depends upon whether it is green or dried, rough or manufactured, and also, upon its dimensions. The testimony in this and other cases indicates that the average weight per 1000 feet is approximately 3300 pounds. The advance of 2 cents per 100 pounds on 1,000 feet of this average weight is 66 cents, and on 1,500,000,000 feet, the estimated amount of lumber expressed in feet, shipped from Mississippi and East Louisiana to the interior, it would be $990,000.

If shipments from the lumber districts west of the Mississippi and from those in Alabama, Georgia and Florida be included, the aggregate amount resulting from the advance will, of course, be very much larger.

10. The prices of grades A, B and C, yellow pine lumber, consisting, respectively, of 1st and 2nd flooring (A), common flooring (B) and dimension stuff and timber under 12″ x 12″–30″ (C), in the *Chicago market*, January 1, 1892, and September 30, 1903, were as follows:

Grade.	Prices, January, 1892.	Prices, Sept., 1903.
A.....	$21.00 to $22.00	$21.00 to $22.00
B.....	$15.00 to $16.00	$18.50 to $19.50
C.....	$21.50 to $23.50	$19.50 to $22.00

During the period from January, 1892, to September, 1903, there were many variations in the *Chicago* prices. They appear to have been lowest from 1895 to 1899, both inclusive. The prices for the first quarter of each of those years were as follows:

Grade.	1895.	1896.	1897.	1898.	1899.
A...	$14.00	$16.00–$16.50	$12.00	$14.00	$15.00–$15.50
B...	$11.00–$11.50	$13.00–$14.00	$10.00	$12.00	$12.50–$13.00
C...	$16.50–$17.00	$15.75–$17.00	$16.50	$18.00	$15.00–$17.00

Prices from 1899 to and including September 30, 1903, were as follows:

Grade.	1900. First quarter.	1901. First quarter.	1902. First quarter.	1903. Third quarter ending Sept. 30.
A...	$21.25–$22.25	$19.00–$20.00	$22.50–$23.50	$21.00–$22.00
B...	$18.25–$18.75	$16.50–$17.00	$18.50–$19.50	$18.55–$19.50
C...	$18.75–$21.25	$18.50–$21.00	$19.50–$22.00	$19.50–$22.00

85 While the prices in the *St. Louis market* on the different grades and dimensions of lumber fluctuated during the period from January 15, 1900, to April 1, 1903, they were not materially different at those dates. In some instances they were somewhat higher in April, 1903, than in January, 1900, in others lower and in others the same. For example:

	Jan. 15, 1900.	April, 1903.
Flooring Edge Grain A	$26.25	$27.25
" " " B	$24.75	$24.75
" Flat " A	$20.75	$20.25
" " " B	$19.75	$19.25
" No. 1 Common	$17.75	$16.25
" No. 2 "	$15.25	$12.25
Partition A	$22.50	$21.75
Bevel Siding A	$15.25	$14.00
Common Boards	$17.50	$18.00
Fencing	$16.50	$16.00
Heavy Joists	$17.00	$17.50

The average prices of the lumber sold at the mills of the Gary-Fatherree Lumber Company of Perry, Miss., the J. J. Newman Lumber Company of Hattiesburg, Miss., and the J. E. North Lumber Company of Bond, Miss., were for the periods named, as follows:

Gary-Fatherree Lumber Co.

From April to December 31, 1900	$12.24
For the year, 1901	$10.45
For the year, 1902	$10.97
From Jan. 1 to Oct. 31, 1903	$12.54

J. J. Newman Company.

For the year, 1900	$10.89
For the year, 1901	$10.36
For the year, 1902	$11.20
For the ten months ending Oct. 31, 1903	$10.54

As before stated (Finding 10, *supra*) the average market and mill prices of lumber do not appear to have materially changed from 1900 to 1903. The mill prices paid for stringers and bridge ties by the New Orleans & Northeastern Road were the same for both the years, 1902 and 1903, being $15 for stringers and $11.50 for ties, and for guide rails the price in 1902 was $11.00 and in 1903, $12.00 the increase being only in guide rails.

The aggregate amounts paid annually for locomotives, box, flat and coal cars, have increased and also their prices. The aggregate increase is due largely, if not mainly, to the increase in the number bought and the advance in price is due principally
89 to the finer quality and greater capacity of the equipment used.

There has been a material increase in the total amount of wages paid employees, including engineers, firemen, brakemen, switchmen, trackmen, etc., from 1898 to 1903, which is also attributable to the increase in the number of such employees as well as to an advance in their wages.

The wages of the *employees of the mill companies* have also grown higher and the prices of the supplies required in the manufacture of lumber have advanced. These supplies are to a material extent the same as those used by the railways such, for example, as rails, ties, etc., for the logging roads. It is estimated that during the two years, 1902 and 1903, the cost of the manufacture of lumber increased about 10 per cent.

14. The operating expenses of the carriers have constantly grown larger, but the total annual increases in operating expenses are due mainly, to the constant growth or enlargement of the business of the roads. This growth in business has resulted from the larger mileage operated, the development and increased prosperity of the country traversed by the roads and from advancement in methods of operation and additions to and improvements in equipment of all kinds. The business of the roads, or the tonnage of traffic transported by them, not only in the item of lumber as heretofore shown, but also in traffic generally, has grown to a most material extent.

While operating expenses have increased for the reasons named there has also been a constant increase in gross earnings to such an extent that there has been a resultant increase in net earnings.

The following table, the items of which are taken from the reports of the defendants to the Commission, show for the years named as to their respective roads, (1), gross earnings from operation, (2) total operating expenses, (3), percentages of operating expenses to earnings, (4), net earnings, (5), net earnings per mile of road, (6) and total mileage operated.

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Ill. Cent. R. R. (line south of Cairo, Ill.).	1890	$5,644,115	$3,551,310	62.92	$2,092,805	$2,340	894.41
	1903	16,193,850	10,624,241	65.61	5,569,609	4,051	1,374.71
Increase		$10,549,735	$6,072,931	2.69	$3,476,804	$1,711	480.30
L. & N. R. R. Co. (line south of Ohio river).	1890	$11,841,865	$6,892,145	58 20	$4,949,720	$3,687	1,342.48
	1903	33,334,612	22,462,486	67 38	10,872,126	3,322	3,273.26
Increase		$21,492,747	$15,570,341	9.18	$5,922,406	.....	1,930.78
Southern Ry Co. (line in Va. and Carolinas).	1895	$9,099,403	$5,868,651	64.50	$3,230,752	$1,474	2,191.63
	1903	20,803,851	13,833,223	66.49	6,970,628	1,986	3,510.65
Increase		$11,704,448	$7,964,572	1.99	$3,739,876	$512	1,319.02
Southern Ry. Co. (line W. of Va. and Carolinas).	1895	$7,785,647	$5,428,393	69.73	$2,357,254	$1,071	2,200.31
	1903	19,072,994	13,984,134	73.32	5,088,860	1,570	3,248.45
Increase		$11,287,347	$8,555,741	3 59	$2,731,606	$499	1,048.14
C., N. O. & T. P. Ry. Co.	1890	$4,301,515	$2,631,076	61.17	$1,670,439	$4,938	338.26
	1903	6,153,580	4,431,571	72.02	1,722,009	5,099	337.73
Increase		$1,852,065	$1,800,495	10.85	$51,570	$161	.....

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Alabama Great Southern R. R. Co.	1890	$1,961,247	$1,268,235	64.66	$693,012	$2,345	331.32
	1903	2,670,646	1,900,748	71.17	769,898	2,488	309.41
Increase		$709,399	$632,513	6.51	$76,886	$143	.....
N. O. & N. E. R. R. Co.	1890	$1,219,133	$851,854	69.87	$367,279	$1,875	195.90
	1903	2,273,617	1,592,005	70.02	681,612	3,479	195.90
Increase		$1,054,484	$740,151	0.15	$314,333	$1,604	.....
Mobile & Ohio R. R. Co.	1890	$2,937,645	$2,016,443	68.65	$921,202	$1,340	687.60
	1903	6,836,629	5,077,311	74.27	1,759,318	2,013	874.12
Increase		$3,898,984	$3,060,868	5.62	$838,116	$673	186.52
Alabama & Vicksburg Ry. Co.	1890	$676,449	$476,334	70.42	$200,115	$1,396	143.39
	1903	1,149,039	818,966	71.27	330,073	2,312	142.78
Increase		$472,590	$342,632	.85	$129,958	$916	.....
Gulf & Ship Island R. R. Co.	1897	$63,209	$41,011	64.88	$22,198	$317	74.75
	1903	1,705,047	1,051,687	61.68	653,360	2,603	251.00
Increase		$1,641,838	1,010,676	.....	$631,162	$2,286	176.25

92 In the "total operating expenses" in the above table are included expenditures which result in the permanent improvement or betterment of the property of the roads, such as, expenditures for right of way and station grounds, real estate, grading, tunnels, bridges, trestles and culverts, rails, ties, crossings and cattle guards, telegraph lines, station buildings and fixtures, shops, round houses, turntables, water stations, fuel stations, grain elevators, storage-warehouses, docks and wharves, electric light plants and electric motive power plants, gas making plants, and miscellaneous structures. There are also included expenditures for equipment in the way of locomotives and cars of all kinds.

In the following table are shown for the years ended June 30, 1901, 1902 and 1903, expenditures by the roads named for permanent improvements or betterments and also for locomotive and car equipment, which expenditures are included in "total operating expenses." The expenditures for the former are under heading "on account of construction" and for the latter under the heading, "on account of equipment."

93 *Statement of Expenditures "Included in Operating Expenses," on Account of Construction and Equipment, from Annual Reports of the Railway Companies Named for the Years* 1901, 1902, *and* 1903.

Name of road.	Year ending June 30—					
	1901.		1902.		1903.	
	On account of construction.	On account of equipment.	On account of construction.	On account of equipment.	On account of construction.	On account of equipment.
Southern Railway	.....	.....	.....	.....	$493,358	$1,350,328
Louisville & Nashville R. R.	$1,218,273	$313,525	$1,060,887	$428,220	1,482,550	518,820
Cincinnati, New Orleans & Texas Pacific Ry.	355,356	.....	202,674	.....	401,959	.....
Alabama Great Southern R. R.	.....	.....	18,130	.....	113,037	.....
New Orleans & Northeastern R. R.	85,480	40,611	73,154	81,912	196,380	75,858
Alabama & Vicksburg Ry	74,609	72,971	97,669	45,168	73,574	87,546

94 15. While the 13 cent rate to Cairo was in force from 1894 to 1899, the testimony is that it yielded a profit to the carriers. The same is true as to the 14 cent rate in force from 1899 to the date of the advance, April 15, 1903. This rate of 14 cents appears to be reasonably high when compared with the rates on other kinds of lumber and on yellow pine lumber from other points and when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various circumstances and conditions affecting the transportation of traffic.

From 1894 to 1899, under the 13 cent rate, and from 1899 to 1903, under the 14 cent rate, there was a steady annual growth in net earnings of the defendants, with the exception of the Cincinnati, New Orleans & Texas Pacific Railway Company. The net earnings at the beginning and conclusion of each of those periods are shown below:

Net Earnings under 13 Cent Rate.

Roads.	1895.	1899.
Southern Ry. Co.	$5,558,00€	$8,853,160
Illinois Central R. R. Co.	6,762,382	9,911,408
Louisville & Nashville R. R. Co.	7,052,156	8,250,275
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,104,591	1,758,931
Alabama Great Southern R. R. Co.	580,075	642,285
New Orleans & Northeastern R. R. Co.	278,098	439,150
Mobile & Ohio R. R. Co.	1,009,393	1,182,238
Alabama & Vicksburg Ry. Co.	151,871	216,154
Gulf & Ship Island R. R. Co.	[1]22,198	110,563

[1] 1897.

Net Earnings under 14 Cent Rate.

Roads.	1899.	1902.
Southern Ry. Co.	$8,853,160	$12,076,229
Illinois Central R. R. Co.	9,911,408	14,572,907
Louisville & Nashville R. R. Co.	8,250,275	9,851,946
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,758,931	[1]1,636,797
Alabama Great Southern R. R. Co.	642,285	798,771
New Orleans & Northeastern R. R. Co.	439,150	592,128
Mobile & Ohio R. R. Co.	1,182,238	1,625,019
Alabama & Vicksburg Ry. Co.	216,154	278,956
Gulf & Ship Island R. R. Co.	110,563	452,855

[1] Decrease.

NOTE.—Up to September 9, 1899, the earnings were under the 13 cent rate.

95 16. A large amount of testimony, much of it conflicting, has been introduced in behalf of both the complainant and defendants in relation to the financial history and transactions of the defendants, their capitalization, funded debts, cost of construction, &c., but this testimony does not satisfactorily show either the total cost of construction or the present value of the roads and their property used for the convenience of the public.

The financial condition of the roads appears to have steadily improved for a large number of years up to and including the year 1903, in which the advance complained of was made. The roads were prosperous at the date of and for years prior to the advance; they were doing a largely increased business with, it is true, a largely increased expense, but there was, as a rule with no material exceptions, a constant increase from year to year in *net* earnings. The annual reports of the defendants to the Commission show that dividends have been declared by them, as follows:

The Southern Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $543,000, 1 per cent. on $54,300,000 of preferred stock, in 1897, up to $4,500,000, 7½ per cent. on $60,000,000 of preferred stock, in 1903;

The Illinois Central Railroad has declared dividends for each year from 1888 to 1903, both inclusive, the dividend in 1888 amounting to $2,450,000, and being 3½ per cent. on $30,000,000 and 3½ per cent. on $40,000,000 of common stock, and in 1903, $5,702,400, 6 per cent. on $95,040,000 of common stock;

The Louisville & Nashville Railroad Company has declared dividends for each year from 1899 to 1903, both inclusive, ranging from $1,848,000, about 3.50 per cent. on $54,911,520 of common stock in 1899, up to $3,000,000, 5 per cent. on $60,000,000 of common stock, in 1903;

The Alabama & Vicksburg Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $21,000, 3 per cent. on $700,000 of common stock, in 1887, up to $63,000, 6 per cent. on $1,050,000 of common stock, in 1903;

96 The Alabama Great Southern Railroad Company has declared dividends for each year from 1896 to 1903, both inclusive, ranging from $190,571, 5.64 per cent. on $3,380,350 of preferred stock, in 1896, up to $309,061, 9.15 per cent. on $3,380,350 of preferred stock, in 1903;

The Cincinnati, New Orleans & Texas Pacific Railway Company has declared a dividend for the year 1903, the dividend being $100,000, 5 per cent. on $2,000,000 of preferred stock;

In 1903, the Mobile & Ohio Railroad Company declared a dividend of $107,412, 2 per cent. on $5,370,600 of common stock;

In 1903, the Gulf & Ship Island Railroad Company declared a dividend of $100,000, 2 per cent. on $5,000,000 of common stock.

All of the defendants, which, as above stated, have declared dividends, also report large surpluses earned in addition to such dividends.

The New Orleans & Northeastern Railroad Company appears to

have declared no dividends, but reports a growing (with the exception of 1901) surplus for each year from 1900 to 1903, both inclusive, to wit, in 1900, $139,411; in 1901, $90,547; in 1902, $193,045; in 1903, $253,809.

17. The car equipment and yard and shop facilities of the roads were not sufficient to handle with dispatch the large increase in the volume of the lumber traffic and traffic generally during 1902 and the Spring of 1903. The net results to the carriers could have been much improved if the transportation had not been under congested conditions. The congestion was principally at junction points and terminal points. It was greatest at Meridian and Jackson, and involved loss not only to the carrier but to the lumber shipper as well. This condition was not confined to the lumber business or lumber districts but affected traffic generally throughout the country. Notwithstanding the congestion, the gross and net earnings of the roads continued to increase and were very large during the time it prevailed.

The freight transportation equipments and facilities of the roads have now been greatly improved both in quality and quantity,
97 and also their roadbeds and physical conditions generally. While the money thus spent has been added to operating expenses, the improvements made have not only increased the earning capacity of the roads and consequently their earnings but have also lessened the cost of operation. The testimony of witnesses for the roads is that a decrease in the rates on traffic in general has been "going on throughout the United States" since the improvements in transportation have been put in operation.

18. No special equipment in the way of cars is furnished or required for hauling lumber. It may be moved in open or flat cars, gondola cars or box cars, which are also used in handling other traffic. Open or flat cars and gondolas are used mostly for undressed or rough lumber and for lumber which is too long to be placed in box cars. The box cars are used for the dressed and better classes of lumber. These better classes of lumber would not be loaded in an open, flat or gondola car except in an emergency or unless it was too long for box cars. On the Mobile & Ohio road it is said that 65 per cent. of the cars used in transporting lumber are flat or open cars, while on the other roads only about from 15 to 30 per cent. of the cars used are flat or open. During the month of March, 1903, said to be a fairly representative month, the total number of lumber cars shipped over the Louisville & Nashville road from Alabama was 649, of which 519, or 80 per cent., were box cars, and the remaining 130, about 20 per cent., were flat and gondola cars. The difference in this respect between the Mobile & Ohio road and the other roads is said to be because the lumber manufactured on the line of the Mobile & Ohio road is not of as high a grade as that on the other roads.

It costs somewhat less and is easier to load with lumber an open than a box car, but the rates on the open cars, while now the same, were formerly higher than on box cars; having been at one time 7 cents higher and afterwards 3 cents. This difference in rates is

stated to have been made because box cars are more adapted to other freight besides lumber than are open cars and fewer of the former, therefore, return empty. A large proportion of the box cars
98 come south loaded with grain and merchandise. The gondolas are used by the roads to a large extent in hauling coal south, but, for the most part, the open or flat cars return empty. The testimony does not show definitely the proportion of cars used in shipping lumber which return empty.

It is necessary that open or flat cars of lumber be equipped with standards, braces and supports, for the purpose of protecting the load and the train, and this equipment is required to be furnished and attached to the car by the shipper. The witnesses for complainant and for defendants vary widely as to the cost of this equipment. Where the Master Car Builders' Association rules as to the nature of the equipment and character of lumber to be used, are complied with, the cost per car, including value of lumber, labor, nails, and freight on weight of equipment, is about $3.50. The standards and other equipment have to be removed at the end of the trip and it is necessary that the shipper attach new equipment for each shipment. This equipment is not necessary where box cars are used. There are similar requirements as to the equipment of open or flat cars used in shipping other commodities which are shipped in those cars, such as structural material, carriages and machinery.

19. Cars transporting lumber are not, as a rule, loaded to their capacity. The greater the proportion of open cars used, the larger is the percentage of loading to the stenciled or marked capacity, because on those cars there is nothing in the way of a box to limit the amount of lumber that can be put upon them. The box cars that are furnished for the movement of lumber are built primarily to handle grain and merchandise and cannot be loaded with lumber to their full capacity unless the lumber is cut of such length as to occupy all the cubical space. The loading more nearly approximates the capacity of the car in case of green than of dry lumber.

The average capacity of 404 cars shipped during June, 1903, from the mills of Eastman, Gardiner & Company (Laurel, Miss.) was 58,767 pounds per car, and the average loading was 43,538 pounds per car, 74.1 per cent. of the loading capacity.

The average capacity of 649 cars shipped over the Louisville & Nashville road from Alabama during March, 1903, was
99 61,225 pounds per car and the average loading was 42,592 pounds, 69.6 per cent. of the loading capacity.

The average capacity of 51 cars shipped during December, 1902, from Fernwood, Miss., was 57,909 pounds per car and the average loading 49,411 pounds, 85 per cent. of the loading capacity.

The average capacity of 25 cars shipped in 1903, via Illinois Central road, to Niagara was 68,400 pounds and the average loading 53,133 pounds, 77.6 per cent. of the loading capacity.

The average capacity of 41 cars shipped via the Illinois Central road in the years 1891-3 was 43,660 pounds per car and the average loading was 32,719, 75 per cent. of the loading capacity.

In the case of green lumber the loading in open cars is sometimes larger than the stenciled capacity of the car. For example, the average loading capacity of 20 open cars shipped from Fernwood, Miss., from March 17 to April 14, 1903, was 74,500 pounds per car and the average loading was 76,320 pounds, being 102 per cent. of the loading capacity.

The following table gives the car capacity and actual loading of certain commodities named therein, other than yellow pine lumber:

	No. of cars.	Loading. (Pounds.)	Car capacity. (Pounds.)	Loading percentage of car capacity.
Cypress lumber	17	595,100	738,000	81.11
Oak lumber	8	384,450	490,000	78.47
Cypress shingles	17	716,600	1,060,000	67.75
Sash weights	6	253,868	400,000	63.38
Window glass	9	433,800	610,000	71.00
Cement	20	780,750	1,170,000	66.70
Lime	15	379,400	846,000	44.8
Fertilizer	27	1,089,200	1,630,000	66.79
Cotton seed meal	8	250,000	450,000	55.00
Cotton seed hulls	38	1,047,400	2,228,000	47.00
Live stock	6	138,240	340,000	40.60
Furniture	3	39,800	180,000	22.11
Coal	4	241,700	270,000	89.50
	178	6,350,308	10,412,000	.....

The above shipments were for the most part over the roads of defendants in 1903.

100 Lumber shippers make requisitions for cars of certain capacities in order to meet the different orders which are made upon them. When, because of scarcity of equipment, they have not a car of the capacity ordered, the carriers frequently furnish a car of greater capacity. This necessitates underloading on the part of the shipper. For example, a requisition is made for a car of 40,000 pounds capacity to fill an order for that amount of lumber and a 60,000 pounds car is furnished.

20. The tonnage of lumber hauled by the defendants and other roads throughout the United States is very large in proportion to that of other commodities of general use and necessity. From the table below, made up from reports of the roads to the Commission, it appears that the tonnage of lumber transported during the year 1901 was greater than that of all the commodities named therein except bituminous and anthracite coal, and during 1902 and 1903 greater than that of all except bituminous coal.

Item.	1901. Total freight tonnage, originating on road and received from connections. (Tons.)	1902. Total freight tonnage, originating on road and received from connections. (Tons.)	1903. Total freight tonnage, originating on road and received from connections. (Tons.)
Grain	60,252,712	52,257,455	60,484,068
Fruit and vegetables	14,508,551	14,501,908	17,033,868
Live stock	15,967,146	15,477,500	16,460,788
Packing-house products	10,965,039	10,506,670	10,520,098
Anthracite coal	97,472,509	83,720,175	68,350,635
Bituminous coal	225,965,320	255,792,615	289,173,392
Agricultural implements	2,067,739	2,445,955	2,400,600
Household goods and furniture	2,271,990	2,661,909	2,961,648
Cement, brick and lime	24,647,929	28,815,418	33,351,274
Iron, pig and bloom	27,798,053	28,520,310	32,017,786
Iron and Steel rails	7,479,839	10,101,691	10,700,602
Merchandise	43,468,315	47,015,216	55,898,707
Lumber	78,729,780	88,653,853	97,846,984

Lumber is a constant business for the roads throughout the year; it is loaded by the shipper and unloaded by the consignee; it is not perishable traffic, and, therefore, does not require rapidity of movement; there is little or no risk incident to its carriage and in case of accident the damage is insignificant.

101

Conclusions.

1. The question in this case is whether the advance of 2 cents in the rate, effective April 15, 1903, and made applicable south of the Ohio, was justifiable. Prior to the advance, from September 9, 1899, to the date of the advance, nearly four years, the rate to Cairo had been 14 cents and the advance complained of raised it to 16 cents. From September 9, 1899, back to May 1, 1894, a period of five years and four months, the rate had been 13 cents, 3 cents less than the advanced rate. When carriers advance a rate which has been for some time in force, the burden of proof is upon them to show sufficient grounds for such advance. (Holmes *v.* Southern Ry. Co. 8 I. C. C. R. 568.) The defendants, recognizing this, seek to justify the advance, first, on the ground that the yellow pine industry was enjoying great prosperity, "that" (in the language of their answer) "profits heretofore and now derived from the mills * * * are unusual and excessively large," and that they (the defendants) had a right to participate in this alleged prosperity.

It is true the lumber business has grown from its inception and was at the date of the advance larger and possibly more prosperous than it had been, but the proof does not show that for the two or three years preceding the advance the prices of the mill products had been materially increased or that the profits realized on the business were "unusual or excessively large." Conceding, however, for argument's sake, that the lumber business had at the date of the advance

become phenomenally prosperous and remunerative, this could not justify an advance of a rate already reasonably high.

The test of the reasonableness of a rate is not the amount of the profit in the business of a shipper or manufacturer, but whether the rate yields a reasonable compensation for the service rendered. If the prosperity of the manufacturer is to have a controlling
102 influence, this would justify a higher rate on the traffic of the prosperous manufacturer than on that of one less prosperous. The right to participate in the prosperity of a shipper *by raising rates* is simply a license to the carrier to appropriate that prosperity or, in other words, to transfer the shipper's legitimate profit in his business from the shipper to the carrier. The increased prosperity of shippers along the line of a railway enlarges the business of those shippers and, as a consequence, both the tonnage of traffic which they receive in their business and which they ship to their customers. In this way the carrier necessarily and justly participates in, or is benefited by, the prosperity of the shipper. This appears to be the case with these defendants as the tonnage of lumber shipped by complainant's members over defendant's lines and the revenue of defendants therefrom have constantly grown in amount.

The question as to the right of a carrier to participate in the prosperity of its patrons was presented to this Commission in "*In re* Proposed Advances in Freight Rates," 9 I. C. C. R. 405, and in discussing it, we said:

"Carriers insist that inasmuch as the prices of articles transported have advanced the rate ought also to advance; otherwise expressed that they should share in the general prosperity.

"While within the last four years the prices of nearly all commodities of general consumption have materially risen, the freight rate has not advanced to a corresponding extent. If therefore that rate is to be treated as an article of merchandise, it is difficult to see why the position of the carriers is not well taken. It is not, however, properly so regarded. Transportation by rail is a service of a quasi-public nature, not to be sold to the highest bidder, nor subject to the laws of supply and demand. This sufficiently appears from the provisions of the Act regulating commerce, which requires the same rate to be charged all persons and enjoins the publication of that rate."

2. In the next place, it is claimed in justification of the advance in the rate that it was rendered necessary by increases in the operating expenses of the defendants resulting from higher wages paid their employees and higher prices of the material and equipment used by them. The proof shows increases in wages and in
103 prices of material and equipment but not in a marked degree for the two years, 1901 and 1902, immediately preceding the advance in rate. These increases have doubtless added materially to operating expenses, but the total annual increases in those expenses are, of course, due only in part to the advances in wages and prices of supplies and equipment. They are attributable in a great measure to the constant growth or enlargement of the business

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which is "employed for the public convenience"—a question, the determination of which, as we have shown, can have only a very remote, if any practical, bearing on the reasonableness of a rate on a single article of traffic. On the other hand, where the rate on a single article is in issue, the question (which could not arise in the former case), whether the rate is unjustly discriminatory or unduly preferential, may be presented, and the reasonableness of the rate depends upon the value, volume and other characteristics affecting the transportation of the particular commodity to which it is applied. There are many things disclosed by the evidence and set forth in our "Findings of Facts," which bear directly upon the reasonableness of the particular rate in question in this case (and not upon the rates as a whole of the defendants) and which aid us in arriving at a correct judgment in respect thereto.

5. In the first place, the present advanced rate is the last (up to date) of a series of advances and was made by joint or concerted action of the carriers. It is claimed by them that in advancing the rate, they acted independently, each for itself, but the proof shows conclusively that the advance was the outcome of a concert of action and a previous understanding between the companies. Through their authorized official representatives they conferred with each other repeatedly as to the making of an advance; recognized the fact that, because of competition in common markets between the lumber producing districts served by them, the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount. This concurrence of action was not only between the railway companies, parties defendant in this case, and in relation to the rates charged by them, but was participated in by the lumber hauling roads serving the territories west as well as east of the Mississippi River.

We deem it unnecessary to express an opinion as to whether this concert of action in fixing the advanced rate amounts to an
107 unlawful agreement under the so-called "Anti-Trust Act" —the enforcement of that act being a matter properly cognizable by the courts. It is clearly, however, within the scope of our authority and duty to consider this joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, the result of that action. Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agreement to maintain such rates, that the element of competition is eliminated. Concert of action is wholly inconsistent with competition and, during the time the rates fixed by concert of action are maintained, the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates.

Competition is favored by the laws. The object of the pooling section (Section 5) of the Interstate Commerce Act is to prevent "any contract, agreement, or combination" between otherwise competing carriers by which competition between them may be done away with. In East Tenn., Va. & Ga. Railway Co. *v.* Interstate

Commerce Commission, it is said, "The Interstate Commerce Law, it is conceded, was intended to encourage normal competition. It forbids pooling for the very purpose of allowing competition to have effect." (99 Fed. Rep. 61). The Supreme Court holds that the suppression of competition is violative of the so-called "Anti-Trust Act," in that, such suppression restrains trade and commerce by "keeping rates and charges higher than they might otherwise be under the laws of competition." (Joint Traffic Association Case, 171 U. S. 569, 571, 577, 43 L. ed. 287, 288, 290, 19 Sup. Ct. Rep. 25; U. S. *v.* Freight Association 166 U. S. 341, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540.)

The ground upon which competition is favored is that it conduces to the reasonableness of rates or to the protection of the public from unreasonably high or excessive rates. In United States *v.* Freight Association, *supra,* the Supreme Court says, "competition will itself bring charges down to what may be reasonable" (166 U. S. 399, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540). The Act to regulate com-
108 merce (section 1), in prohibiting unreasonableness of rates, in effect forbids whatever conduces to such unreasonableness. In any event, it is incumbent upon this Commission, when the reasonableness of rates is in issue before it, to consider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of cannot be claimed to be the outcome of competition, because "the natural, direct and immediate effect of competition is to lower" (177 U. S. 577, 43 L. ed. 290, Sup. Ct. Rep. 25), rather than advance, rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce.

6. As we have seen, the 14-cent rate in force at the date of the advance had been maintained nearly four years and a still lower rate, 13 cents, had been maintained for the preceding five years and four months. "The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but when a railway company advances a rate which has been for some time in force, the fact of its continuance is *in the nature of an admission* against that company which tends to show the unreasonableness of the advance." (Holmes *v.* Southern Ry. Co., *supra.*) In addition to this *quasi* admission, we have the testimony of the officers of the defendants that there was a profit to the defendants in the lumber traffic while the 13-cent rate was in force and also a profit while the 14-cent rate was in force. The defendants in their answer say, "Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver that it *was not an exceedingly profitable commodity.*" No reason is given or shown why lumber should be singled out as a commodity upon which an "exceedingly" large profit should be earned. A reasonable profit is all the defendants are entitled to and the testimony is far from convincing us that the profit under the 14-cent rate was not reasonable or would not now be reasonable. As stated in our "Findings of Facts," the 14-cent rate appears to be reasonably

high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume and
109 the various conditions affecting the service of transportation. During the period from 1894 to 1899, while the 13-cent rate was operative, there were large annual increases in the net earnings of the defendants and the same was the case from 1899 to 1903 while the 14-cent rate was operative (Finding 15). During those periods there was also a large growth in the tonnage of lumber hauled by the defendants and, therefore, their increases in net earnings were in part, at least, derived from the lumber traffic under those rates. Dividends have been declared during those periods and in addition considerable surpluses have been reported (Finding 16) and large sums have been invested in permanent improvements or betterments (Finding 14).

7. The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this can not be remedied by an advance in the total through rates *charged the public*. It is the total rate, and not its proportions, which is in issue.

8. Although both the net and gross earnings of the defendants have grown from year to year, the percentages of what are reported by the defendants as "operating expenses" to earnings have also somewhat increased (Table, finding 14), and this is urged as showing the necessity for an advance in the lumber and some other rates.
110 It is to be noted, that these operating expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements and also for equipment, such as locomotives and cars (Finding 14). While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years. The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures or expenditures to the same extent for many years to come and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rate indicates that they will not be required again for a long period of time. They should not, there-

fore, be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, "projected proportionately over the future." If these large amounts are deducted from the annual operating expenses reported by the defendants, it will be found that the percentage of operating expenses to earnings has in some instances diminished and in others increased to no material extent.

9. The published rate to Cairo in the territory west of the Mississippi River, embracing that part of Louisiana west of the river, Arkansas and Texas, is the same as the published rate from the territory east of the Mississippi served by the defendants, but, the roads in the former territory make an allowance called a "tap line allowance" to the millers of 2 cents and over per hundred pounds for the hauling by their "logging roads" of the lumber from the forests to the mills. This is equivalent to a rebate or reduction from the published rate. Of the defendants, only the Mobile & Ohio makes such allowance. The giving of this rebate by that road and by the roads west of the Mississippi is in the nature of an admission, or raises a strong presumption, that the published rate less the rebate is a reasonably remunerative rate. The rebate was allowed by the
111 Mobile & Ohio and roads west of the Mississippi under the rate in force at and prior to the date of the advance, April 15, 1903.

The question, whether allowances from the published rate made by the roads west of the Mississippi to logging roads or "tap lines," as they are called, owned or controlled by the lumber mills, constituted departures from such published rate in violation of the Act to regulate commerce as amended February 19, 1903, was presented for decision by this Commission in the case of The Central Yellow Pine Association (complainant in the present case) *v.* The Vicksburg, Shreveport & Pacific Railroad Co. (10 I. C. C. R. 193), and it was held, that the published rate must be strictly observed; that the defendants were not authorized under the law "to grant a division of the rate to the owner of a lumber mill as compensation to him for the cost of bringing his logs to the mill by steam railroad, horse railroad, wagon, or any other means of conveyance;" and that a common carrier subject to the provisions of the Act to regulate commerce can "allow a division of rates *only to another* common carrier which, participating in the particular traffic to which the rate is applied, *is also subject to those provisions.*" Where both roads are common carriers, it is said "the two lines may by contract or agreement establish a joint rate from the point of origin on the one road to the point of destination on the other and agree between themselves as to divisions of the rate;" and further that, "treating the transportation, first of the log to the mill and then of the lumber to destination, as a through shipment, involves the *right to mill in transit,* and, when that privilege is granted, the tariff should show on its face that the transportation covers carriage of the log to and the lumber from the mill and the division allowed the carrier of the log should be named in all cases."

The logging roads or "tap lines," to the owners of which the

Mobile & Ohio road makes allowances out of the published rate from the mills to destinations, do not appear to be common carriers, or carriers for the public, subject to the provisions of the Act to regulate commerce, but the private property of the mill owners used for hauling logs to their mills. Those allowances are,
112 therefore, unlawful under the rule laid down in the above decision.

The facts, that the roads west of the Mississippi make tap line allowances to mill-owners in their territory and the defendants (with the exception of the Mobile & Ohio road) do not make such allowances to the mill owners in their territory east of the Mississippi and that this results in placing the latter at a disadvantage in the common markets, does not constitute an undue preference for which the defendants in this case are liable under the Act to regulate commerce. The third section of that Act, which prohibits undue preferences between individuals and localities, is not violated by the failure or refusal of the defendants to make tap line allowances to the mill owners in their territory while such allowances are granted the mill owners by other carriers in a different territory or section of the country. (Central Yellow Pine Association *v.* Vicksburg, Shreveport & Pacific R. Co., *supra.*) While, however, this is true, there does not appear to be any reason for making these allowances west of the Mississippi River which does not equally apply east of the river and, if the rate west of the river is reasonable *minus* the allowances, this is persuasive, or gives color to the proposition, that after a similar reduction the rates east of the river would still be reasonably high. The Mobile & Ohio road by voluntarily making the allowance east of the river practically concedes this proposition as to itself.

10. The general rule is, the greater the tonnage of an article of traffic, the lower is the rate. No rule is more firmly grounded in reason or more universally recognized by carriers. It is because of the greater density of traffic north of the Ohio River in Central Freight Association Territory and in Eastern Territory that rates in general are materially lower in those territories than in Southern Territory. The defendants have made yellow pine lumber an exception to this rule; while the *tonnage* in general of the defendants and lumber tonnage in particular have grown greatly, the lumber rate has not been lowered but has been materially advanced. Moreover, the testimony is that "a decrease in the rates on traffic in general has been going on throughout the United States since the im-
113 provements in transportation have been put in operation;" here, again, lumber has been taken from under, and deprived of the benefit of, the general rule.

11. As said in Marten *v.* L. & N. R. R. Co. (9 I. C. C. R. 589) and shown by the proof in this case, "lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage." The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the

shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation and, in case of accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low.

Our conclusion on the whole is that the advance, April 15, 1903, of 2 cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence and that the resultant increased rate is unreasonable and unjust. An order will be issued in accordance with these views.

KNAPP, *Chairman,* and FIFER, *Commissioner,* dissenting:

In the view we take of this case the conclusions of our associates are not justified by the facts and circumstances appearing in the record or otherwise entitled to consideration. Holding that the rates complained of have not been shown to be in violation of law we respectfully dissent from the foregoing report and opinion.

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EXHIBIT H.

115 At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 7th day of February, A. D. 1905.

Present: Hon. Martin A. Knapp, chairman; Hon. Judson C. Clements, Hon. James D. Yeomans, Hon. Charles A. Prouty, Hon. Joseph W. Fifer, Commissioners.

THE CENTRAL YELLOW PINE ASSOCIATION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

This case being at issue upon complaint and answers on file, and having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made and filed a report and opinion containing its findings of fact and conclusions thereon, which said report and opinion is hereby referred to and made a part of this order:

It is ordered, That the advance of 2 cents per 100 pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of

lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the defendants, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company,
116 the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, the Louisville & Nashville Railroad Company, and the Mobile, Jackson & Kansas City Railroad Company, be, and each of them is hereby, notified and required to cease and desist on or before the first day of April, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per 100 pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber as aforesaid.

And it is further ordered, That a notice embodying this order be forthwith sent to each of the defendant corporations, together with a copy of the report and opinion of the Commission herein, in conformity with the provisions of section 15 of the act to regulate commerce.

At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 18th day of March, A. D. 1905.

Present: Hon. Martin A. Knapp, Chairman; Hon. Judson C. Clements, Hon. Charles A. Prouty, Hon. Joseph W. Fifer, Commissioners.

THE CENTRAL YELLOW PINE ASSOCIATION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

It appearing that at the hearing in this case the complaint was dismissed as to the defendant, the Mobile, Jackson & Kansas City Railroad Company.

It is ordered, That the order entered herein on February 7, 1905, be, and the same is hereby, amended by striking therefrom the name of the defendant, the Mobile, Jackson & Kansas City Railroad Company, and that a copy of this order be served upon each of the parties to this proceeding.

A true copy.

EDW. A. MOSELEY, *Secretary.*

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Certificate.

OFFICE OF THE INTERSTATE COMMERCE COMMISSION.

I, Edward A. Moseley, secretary of the Interstate Commerce Commission, hereby certify that the foregoing exhibits, eight in number, and marked A to H, both inclusive, are correct copies of the originals thereof on file among the records of the Interstate Commerce Commission.

In testimony whereof I hereunto set my hand and affix the seal of the said Interstate Commerce Commission at the city of Washington, in the District of Columbia, this — day of June, 1905.

EDW. A. MOSELEY,
Secretary of the Interstate Commerce Commission.

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Notice of Filing Bill.

Extract from the Chancery Order Book.

SATURDAY, *June* 17, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA & GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Interstate Commerce Commission by William Wirt Howe, Esq. United States District Attorney for the Eastern District of Louisiana has this day filed a Bill of Complaint against The Illinois Central Railroad Company, The Gulf & Ship Island Railroad Company, The Southern Railway Company, The Mobile & Ohio Railroad Company, The New Orleans & Northeastern Railroad Company, The Alabama Great Southern Railroad Company, The Cincinnati New Orleans, & Texas Pacific Railway Company The Alabama & Vicksburg Railway Company, The Louisville & Nashville Railroad Company herein.

119 *Motion of Complainant for Service of Bill.*

Filed June 17th, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. —.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Motion of Complainant.

And now comes the Interstate Commerce Commission, complainant in the above entitled cause, by William Wirt Howe, Esq., United States District Attorney, for the Eastern District of Louisiana, and moves and respectfully prays the court for an order as to the manner of service of the bill of complaint in said cause and as to the manner of service of this motion and of the order thereon, and that the Court require the defendants above named to file their answers to said bill of complaint on or before a day certain to be fixed by the Court, and also to appear before the Court here at such time as may be fixed by the court then and there to show cause why such other preliminary orders as to the Court may seem meet shall not be entered to speed the cause to a final hearing, as provided for in the 16th section of the Act to regulate commerce.

(Signed) W. W. HOWE,
United States District Attorney for the Eastern District of Louisiana,
Per H. GENERES DUFOUR,
Ass't U. S. Att'y.

120 In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Order of Court on Complainant's Motion for Service of Bill.

And now upon the filing of the Bill of Complaint and accompanying motion herein;

It is hereby ordered that Henry J. Carter, Esq., the Clerk of this Court be, and he is hereby authorized to make service of said bill of complaint and accompanying motion and of this order, by registering and depositing in the mails of the United States true copies thereof duly authenticated by the seal of this Court, correctly addressed to the President or one of the Vice-Presidents or the Secretary of each of the defendants above named.

It is also hereby ordered that the said defendants file their answers to said bill of complaint on or before eleven o'clock A. M. on the fifteenth (15th) day of July A. D. 1905, and that said defendants also appear before this Court at Eleven o'clock A. M. on said fifteenth (15th) day of July A. D. 1905, and show cause why such other and further preliminary orders as to this Court may seem meet should not be entered in this cause to speed the same to final hearing.

Done and signed at New Orleans, La., on this Seventeenth (17th) day of June A. D. 1905.

(Signed) CHARLES PARLANGE,
U. S. Judge.

121 *Return of Service.*

Filed June 21, 1905.

United States Circuit Court, Fifth Circuit, Eastern District of Louisiana, New Orleans Division.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

I, Henry J. Carter, Clerk of the Circuit Court of the United States for the Eastern District of Louisiana, having been appointed by Order of Court, entered June 17th, 1905, in the above numbered and entitled cause, as per copy of Order attached hereto, to make service of the Bill of Complaint and of the Motion and Order on same in said cause, by registering and depositing in the Mails of the United States true copies thereof, duly authenticated by the seal of this Court, addressed to the President or one of the Vice Presidents or the Secretary of each of the Defendants above named, do hereby certify that on this 21st day of June, A. D. 1905, I repaired to the Registry Division of the Post Office at New Orleans, Louisiana, and there deposited in the Mails of the United States, Nine (9) Envelopes each containing a true copy of the Bill of Complaint, the Motion of Complainant and the Order of Court, on Complainant's Motion, addressed as follows:

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To the President or one of the Vice-Presidents or the Secretary of
The Illinois Central Railroad Company, Chicago, Illinois.
The Gulf & Ship Island Railroad Company, Gulf Port, Mississippi.
The Southern Railway Company, Richmond, Virginia.
The Mobile and Ohio Railroad Company, Mobile, Alabama.
The New Orleans and Northeastern Railroad Company, New Orleans, Louisiana.
The Alabama Great Southern Railroad Company, Birmingham, Alabama.
The Cincinnati, New Orleans and Texas Pacific Railway Company, Cincinnati, Ohio.

The Alabama and Vicksburg Railway Company, New Orleans, Louisiana.

The Louisville and Nashville Railroad Company, Louisville, Kentucky.

The said envelopes being duly sealed and the postage and registry fee being affixed thereon, and that the same were duly registered in the Mails and registry receipts were issued by the Post Office authorities for each one of said letters, which receipts are attached hereto.

I further certify that all of the said copies so deposited are registered in the Mails were duly authenticated by the seal of this Court.

I hereby make this return of service so that the same may be filed in the record of said cause.

Witness my hand and seal, at New Orleans, Louisiana, this 21st day of June, A. D. 1905.

[SEAL.] (Signed) H. J. CARTER, *Clerk.*

123

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61155. P. O., NEW ORLEANS, LA.

Received for registration 6/21, 190–, from H. J. Carter, addressed to Pres. or Vice Pres. I. C. R. R. Co., Chicago, Ill.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61156. P. O., NEW ORLEANS, LA.

Received for registration ——— 21, 190–, from Do., addressed to Pres. or Vice Pres. N. O. & N. E. R. R., City.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61157. P. O., NEW ORLEANS, LA.

Received for registration ——— 21, 190–, from Do., addressed to Pres. or Vice Pres. Ala. *or* Vicksburg Co., City.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33097. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from H. J. Carter, addressed to Pres. or Vice Pres. Gulf & Ship Island R. R., Gulfport, Miss.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

124

U. S. P. O. Registry Receipt.

Letter } No. 33098. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. So. Ry. Co., Richmond, Va.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33099. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. Mobile & Ohio Ry. Co., Mobile, Ala.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33100. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres., Birmingham, Ala.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33101. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. Cincinnati, N. O. & T. P., Cincinnati, Ohio

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

125

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 33102. P. O., NEW ORLEANS, LA.

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. L. & N. Ry. Co., Louisville, Ky.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

Printed on each of the foregoing receipts are the following instructions:

U. S. Registered Mails go to every post office of the world.

Provided for safe transit and correct delivery.

Letters and parcels may be registered at any post office or at any post-office station.

Letters will be registered by letter carriers in the residential districts of cities. Letters and parcels will be registered by rural carriers throughout their route.

For letters and parcels delivered through a U. S. post office, the sender, without request and without charge, receives the address's acknowledgment, and when delivered through a post office of a foreign country, if the words "Receipt Demanded" be indorsed on the address side of the letter or parcel.

126 T. M. & J. D. Miller, Counsellors at Law, 824 Common St.

Appointment of T. M. Miller as Special Assistant to U. S. Attorney.

NEW ORLEANS, LA., *July* 10/05.

H. J. Carter, Esq., Clerk, U. S. Circuit Court.

DEAR SIR: I beg to enclose you herewith letter from the Acting Attorney General, appointing me Special Assistant to the U. S. Att'y for this District, in the case of the Interstate Commerce Commission *vs.* the Illinois Central Railroad Company *et al.*, and request that you enter my name as of Counsel or one of the Solicitors for the Complainant in that suit.

Yours very truly,
(Signed)
T. M. MILLER.

TMM.
Enclosure.

127 Address reply to "The Attorney General" and refer to initials and number. J. H. G.

DEPARTMENT OF JUSTICE, WASHINGTON, *July* 3, 1905.

T. M. Miller, Esq., New Orleans, Louisiana.

SIR: You are hereby appointed a Special Assistant to the United States Attorney for the Eastern District of Louisiana in the case of the Inter-State Commerce Commission *v.* the Illinois Central Railroad Company, *et al.*, pending in the United States Circuit Court for said District.

This appointment is subject to any change that may be made by this Department.

Your Compensation will be determained by the Inter-State Commerce Commission, payable from the proper appropriation under its control.

Before entering upon duty, execute and file with this Department the customary oath of office.

Respectfully,

(Signed) H. M. HOYT,
Acting Attorney General.

Through the Inter-State Commerce Commission, Washington, D. C.

128 *Stipulation of Counsel Extending Time to File Answers and Concerning Exhibits and Testimony, etc., and Fixing Time for Taking Oral Testimony.*

Filed July 14, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILROAD CO., THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Stipulation.

In the above cause it is stipulated and agreed by Counsel as follows:

1. The time for the defendants to appear and file their answers to the bill of complaint in this cause is extended to July 25, 1905.

2. A copy of the testamony of witnesses taken before the Interstate Commerce Commission in the case of The Central Yellow Pine Association *vs.* Illinois Central Railroad Company, *et al.*, and the exhibits to the said testimony, shall be certified by the Secretary of the Interstate Commerce Commission and filed in this cause, as soon as it can be done, and shall have the same force and effect as if the same had been taken in this cause, subject only to objection by either party as to competency or relevancy; and all formal objections thereto are hereby waived.

3. Extracts from the rates on file with the Interstate Commerce Commission, extracts from annual reports filed by carriers with said Commission; extracts from statistical or other data compiled by or on file in the office of the Statistician or Auditor of said Commission, which were used by said Commission on the hearing of the case of the Central Yellow Pine Association *vs.* Illinois Central Railroad Company *et al.*, may be used by either party as evidence on the hearing in this cause in the United States Circuit Court, subject to objection by either party as to the competency or relevancy of same; but all formal objections are waived.

4. Either party on the hearing of the above-entitled cause in the United States Circuit Court may use as evidence additional extracts from rates on file with said Commission; additional extracts from annual reports filed by carriers with said Commission, and
129 additional extracts from statistical or other data compiled by or on file with the Statistician or Auditor of said Commission; subject to objection by either party as to its competency or relevancy; but all formal objections are waived.

Copies of such extracts as may be intended to be used by either party shall be certified by the Secretary, Statistician or Auditor of said Commission, and furnished the opposite party with notice of the purposes for which they shall be filed, and said opposite party shall have 15 days thereafter, in which to file counter-extracts, he giving the same notice of said purpose for which they shall be filed.

All such extracts in chief shall be filed within 60 days from the date hereof.

5. The defendants shall have 60 days after this date and the complainant 30 days additional thereto in which to take oral testimony, and it is agreed that this cause may be continued until the next term of said Court to be held on the first Monday of November, 1905. Either party proposing to take testamony shall give the opposite party at least 10 days' notice of the time and place of taking testimony and of the names of the witnesses and the name of the officer, examiner or stenographer by or before whom the same is to be taken.

(Signed) H. GENERES DUFOUR,
" *Ass't U. S. Att'y.*
" L. A. SHAVER,
T. M. MILLER,
" *Sp'l As't, & etc.; Solicitors for Complainant.*
ED BAXTER,
Solicitor for Defendants, as of Record.

July 14th, 1905.

130 *Order Approving Stipulation.*

Filed July 14, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILROAD COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

In this cause a stipulation signed by the solicitors for complainant and the solicitor for the defendants, dated July 14, 1905, extending the time for filing the answer, and prescribing the time within which the testimony is to be taken, having been presented to me at Chambers, is hereby approved and ordered to be filed.

(Signed) DON A. PARDEE,
U. S. Circuit Judge.

Signed this 21st day of July, 1905.

131 *Joint and Several Answer of I. C. R. R. Co. et al.*

Filed July 25, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION, Petitioner,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

The joint and several answer of the Illinois Central Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, to the petition filed in the Circuit Court of the United States, sitting in equity within and for the Eastern District of Louisiana, by the Interstate Commerce Commission, against these respondents and another, being No. 13346 on the Rule Docket of said Court.

These defendants respectively, now and at all times hereafter saving to themselves all and all manner of benefit or advantage of exception or otherwise that can or may be had or taken to the many errors, uncertainties, and imperfections in the said petition contained for answer thereto, or to so much thereof as these defendants are advised it is material or necessary for them to make answer to, severally answering say:

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I.

These defendants admit that the petitioner the Interstate Commerce Commission was created and established and now exists under and by virtue of an act of the Congress of the United States, entitled "An Act to Regulate Commerce" approved February 4, 1887, as amended by an act approved March 2, 1899, and an act approved February 10, 1891 and an act approved February 11, 1895.

These defendants admit that the defendant the Illinois Central Railroad Company is a corporation chartered under the laws of the State of Illinois, having its principal office in Chicago, in said State.

that the defendant the Gulf & Ship Island Railroad Company is a corporation chartered under the laws of the State of Mississippi, having its principal office in Gulf Port in said State, that the defendant the Southern Railway Company is a corporation, chartered under the laws of the State of Virginia, having its principal office in Richmond in said State; that the defendant the Mobile & Ohio Railroad Company, is a corporation chartered under the laws of the State- of Alabama, Mississippi, Tennessee and Kentucky, having its principal office in Mobile, in the State of Alabama; that the defendant the New Orleans & Northeastern Railroad Company, is a corporation chartered under the laws of the State of Louisiana, having its principal office in New Orleans, in said State; that the defendant the Alabama Great Southern Railroad Company is a corporation chartered under the laws of the State of Alabama, having its principal office in Birmingham, in said state; that the defendant the Cincinnati, New Orleans & Texas Pacific Railway Company, is a corporation chartered under the laws of the State of Ohio, having its principal office in Cincinnati, in said State; that the defendant the Alabama & Vicksburg Railway Company, is a corporation chartered under the laws of the State of Mississippi, having its principal office in New Orleans, in the State of Louisiana, and that the defendant the Louisville & Nashville Railroad Company, is a corporation chartered under the laws of the State of Kentucky, having its principal office in Louisville in said State.

133 II.

These defendants admit that they, and their co-defendant were on the 24th day of July 1903, and ever since have been, and still are, respectively, common cariers engaged in the transportation of persons and property by railroad under joint through rates and as members of certain continuous through lines between certain points in different States of the United States, and particularly in the transportation of lumber from lumber shipping points on their respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi, and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as "Ohio River points" and to points north of the Ohio River and on and east of the Mississippi River.

III.

These defendants admit that on or about the 24th day of July 1903, the Central Yellow Pine Association, composed of certain persons, firms and corporations engaged in the business of manufacturing and shipping yellow pine lumber in and from the States of Mississippi and Alabama, and that part of Louisiana east of the Mississippi River filed a petition or complaint to the complainant the Interstate Commerce Commission alleging certain so-called violations on the part of the defendants of certain provisions of the Act to Regulate Commerce, as at large and more fully appears in and by the said complaint or petition on file in the office of said Interstate Commerce Commission a copy whereof is annexed to and made part

of the petition filed in this cause as Exhibit A; and that a copy of said Exhibit A attested by the Secretary of said Commission under the seal of said Commission was duly forwarded by said Commission to each of the defendants.

IV.

These defendants admit that on or about July — 1903, the defendants the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad
134 Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg, Railway Company, and the Louisville & Nashville Railroad Company, filed their joint and several answer to the said petition filed before the Interstate Commerce Commission; and a true copy of said joint and several answer is annexed to and made part of the petition in this cause as Exhibit F thereto.

These defendants admit that on or about August 5, 1903, the defendant the Mobile & Ohio Railroad Company, filed its separate answer to said petition filed before the Interstate Commerce Commission and a true copy of said separate answer is annexed to and made part of the petition in this cause as Exhibit B. thereto.

These defendants admit that on or about August 10, 1903, the defendant the Gulf & Ship Island Railroad Company, filed its separate answer to said petition filed before the Interstate Commerce Commission; and they are informed and believe that a true copy of said separate answer is annexed to and made part of the petition in this cause as Exhibit D thereto.

These defendants admit that on or about October 28, 1903, said defendant the Gulf & Ship Island Railroad Company, filed a supplement and amendment to its original answer; and they are informed and believe that a true copy of said supplement and amendment is annexed to and made part of the petition in this cause as Exhibit E thereto.

V.

These defendants admit that afterwards the said cause before said Interstate Commerce Commission being at issue upon the pleadings aforesaid, came on for investigation and hearing before said Commission at New Orleans, in the State of Louisiana, on to-wit, December 8, 9, 10, 11 and 12, 1903, and at Washington in the District of Columbia, on, to-wit, February 15, 16 and 17, 1904 at which times and places the parties complainant and defendant appeared by their attorneys or had due notice to appear, and testimony was taken in behalf of said parties.

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VI.

These defendants admit that the complainant the Interstate Commerce Commission determined the matter in controversy between the said parties before it; but said defendants deny that the complainant "duly" determined said matter or any part of it.

These defendants admit that complainant, the Interstate Commerce Commission made a report in writing in respect to said matter

setting forth its so-called findings of fact and its so-called conclusion, alleged to be based on said so-called findings, namely, that an advance made April 15, 1903, by each of the defendants except the Louisville & Nashville Railroad Company, and by that company, on June 22, 1903, of 2 cents in the rate on lumber in carloads from shipping points in Louisiana east of the Mississippi River and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati and other points on the Ohio River, was not warranted, and that the resultant increased rates were unreasonable and unjust, in violation of the Act to Regulate Commerce as at large and more fully appears in and by the said report of complainant, the Interstate Commerce Commission, a copy whereof is annexed to and made part of the petition in this cause as Exhibit G thereto.

VII.

These defendants admit that forthwith upon the determination of said cause before said Commission as aforesaid, on to-wit, said 7th day of February 1905, the complainant formulated an order and notice in the premises, which is claimed to be based upon its so-called findings of fact and conclusions, requiring the defendants to cease and desist on or before the 1st day of April 1905, from further enforcing or maintaining said advance of 2 cents per hundred pounds or the said rates resulting therefrom, for the transportation of lumber as aforesaid, and a copy of said notice is annexed to and made part of the petition in this cause as Exhibit H thereto. But these defendants deny that said order or notice was "duly formulated; they deny that said advance of 2 cents per hundred pounds or the rates resulting therefrom were or are "unlawful."

136 VIII.

These defendants admit that the complainant the Interstate Commerce Commission agreeably to the provisions of the law in that regard, duly caused a properly authenticated copy of its said report viz: Exhibit G to the petition in this cause, together with its said order viz: Exhibit H to the petition in this cause, to be delivered to each of these defendants and that said defendants conceiving said order to be unlawful, have wholly disregarded and knowingly disobeyed the same; and still neglect and refuse to comply with the same or any part thereof.

IX.

These defendants deny that the said advance of 2 cents in the said lumber rate was or is unwarranted; and they deny that it has resulted in rates excessive, unreasonable or unjust; or that said advance or said rates are in violation of the Act to Regulate Commerce.

On the contrary, respondents aver that said advance of 2 cents on said lumber rates, and the lumber rates resulting from said advance were and are just and reasonably low, and are fully warranted by the provisions of the Act to Regulate Commerce.

Respondents having fully answered pray to be hence dismissed with their reasonable cost.

(Signed) ED. BAXTER,
Solicitor for Respondents.

137 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid, Samuel Spencer who is personally known to me to be President of the Alabama Great Southern Railroad Company, one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July 1905.

(Signed) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

138 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne, a Notary Public appointed, commissioned and qualified in and for the District aforesaid Samuel Spencer who is personally known to me to be President of the Cincinnati, New Orleans & Texas Pacific Railway Company one of the above-named respondents, who being duly sworn, deposed that the facts stated in the foregoing answer as of respondents own knowledge are true, and that those stated as upon information and belief are true to the best of his knowledge, information remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Signed) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

139 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne, a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid, Samuel Spencer who is personally known to me to be President of the Mobile & Ohio Railroad Company, one of the above-

named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July, 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

140 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me, Pearce Horne a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid Samuel Spencer who is personally known to me to be President of the Southern Railway Company, one of the above named respondents who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true and that those stated as upon information and belief are true to the best of his knowledge information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July, 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

141 STATE OF LOUISIANA, *County of Orleans, ss:*

Personally appeared before me, Purnell M. Milner, a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid C. C. Harvey who is personally known to me to be President of the New Orleans & Northeastern Railroad Company, one of the above named respondents who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New Orleans, this 20th day of July 1905.

(Sig.) C. C. HARVEY, *President.* [SEAL.]

(Sig.) PURNELL M. MILNER,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

H. W. WENHAM, *Secretary.*

142 STATE OF LOUISIANA, *County of Orleans, ss:*

Personally appeared before me Purnell M. Milner a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, C. C. Harvey, who is personally known to me to be President of the Alabama & Vicksburg Railway Company one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge, are true, and that those stated as upon information, and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New Orleans, this 20th day of July, 1905.

(Sig.) C. C. HARVEY, *President.* [SEAL.]

(Sig.) PURNELL M. MILNER,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

(Signed) H. W. WENHAM, *Secretary.*

143 STATE OF NEW YORK, *County of New York:*

Personally appeared before me Lawrence Slade a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, Stuyvesant Fish who is personally known to me to be President of the Illinois Central Railroad Company one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New York this 21st day of July, 1905.

(Signed) STUYVESANT FISH, *President.* [SEAL.]

NOTARY PUBLIC. [N. P. SEAL.]

(Signed) LAWRENCE SLADE,
Notary Public, No. 101, *New York County.*

Term Expires March 30, 1907.
[SEAL.]

144 STATE OF KENTUCKY, *County of Jefferson:*

Personally appeared before me G. W. B. Olmstead, a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, M. H. Smith who is personally known to me to be President of the Louisville & Nashville Railroad Company,

one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information, and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Louisville Ky. this 19th day of July 1905.

(Signed) M. H. SMITH, *President.* [SEAL.]

(Sig.) G. W. B. OLMSTEAD,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

J. H. ELLIS, *Secretary.*

145 *Notice of Filing of Joint and Several Answer.*

Extract from the Chancery Order Book.

TUESDAY, *July* 25, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Illinois Central Railroad Company, The Mobile & Ohio Railroad Company, The Southern Railway Company, the New Orleans and Northeastern Railroad Company, the Alabama, Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, through Ed Baxter, have this day filed their joint and several answer to the bill of complaint herein.

146 *Answer of Gulf & Ship Island R. R. Co.*

Filed Jul- 25, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The answer of the Gulf & Ship Island Railroad Company, one of the Defendants, to the Foregoing Bill.

This Respondent, reserving to itself all manner of advantage and exception that may be had or taken to the manifold errors and insufficiencies of complainant's bill, for answer to same, or to so much as it is advised it is material for it to answer, answering saith:

I. It admits the allegations of Paragraph I of complainant's bill.

II. Respondent admits that the defendants in this case, including Respondent, were on the 24th day of July, 1903, and have been since, and still are, common carriers engaged in the transportation of persons and property by railroad, and under joint through rates between points in different States in the United States, and admits that Respondent and the other defendants mentioned in complainant's bill are engaged in Interstate Commerce. But Respondent denies that it is a member of any continuous through line between points in different States in the United States, as alleged in complainant's bill, and shows the fact to be that Respondent's line of railroad is situated wholly within the State of Mississippi,
147 and that Respondent is engaged in Interstate Commerce, only by reason of the fact that it makes through rates in connection with other roads, to-wit, The Illinois Central Railroad Company, the New Orleans & Northeastern Railroad Company, and The Louisville & Nashville Railroad Company.

III. Respondent admits the allegations of Paragraph III, IV and V.

IV. Replying to Paragraph VI of Complainant's bill, Respondent admits that on the 7th day of February, 1905, complainant, the Interstate Commerce Commission, determined the matter in con-

troversy before it, and made a report in writing in respect thereof, reciting its findings of fact and its conclusions based on said finding, as is set forth and alleged in Paragraph VI of the said bill. But Respondent further avers and shows, in answer to said Paragraph of said bill of complaint, that the said finding so made and promulgated by the complainant, The Interstate Commerce Commission, was not a unanimous finding, and that only three of the said Commissioners concurred in the holding that the said increase of two cents per 100 pounds on yellow pine lumber was unwarranted and illegal. The remaining two members of the said Commission dissenting from the said finding and holding that the said increase of two cents per 100 pounds on yellow pine lumber, was legal and justified by the conditions existing at the time the said increase was made, and at the time said order was promulgated. And Respondent further shows and alleges as a matter of fact that the said finding of the Commission was erroneous and that the said increase of two cents per 100 pounds on yellow pine lumber, and the rates resultant therefrom were not unreasonable or unjust or in violation of the Act to Regulate Commerce, but the said increase was reasonable and justified, and that the resultant rates were reasonable, just and conformable to law; and upon the question of the reasonableness of the said rates and propriety and legality of the said increase from which the said rates resulted, Respondent adopts as a part of its answer all and singular the allegations with
148 reference thereto contained in the answers of the Illinois Central Railroad Company, the Southern Railway Company, The Mobile & Ohio Railroad Company, The New Orleans & Northeastern Railroad Company, the Alabama, Great Southern Railroad Company, The Cincinnati, New Orleans & Texas Pacific Railway Company, The Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, prays leave to refer to the same, and to use the same as a part of its answer as fully and completely as if the same were fully and at length copied and produced herein.

V. Respondent admits the allegations of Paragraph VII of complainant's bill.

VI. Respondent admits that a copy of the order mentioned in Paragraph VII of complainant's bill, being "Exhibit G" thereto, was delivered to and served upon this Respondent, and further admits that it has not obeyed the said order reducing the through rates as therein required to do, and admits that they have not put in force the through rates mentioned in the said order for the reason that it is utterly impossible for this Respondent to obey the said order, or to put in the said through rates because of the following facts:

The line of railroad of Respondent is situated wholly in the State of Mississippi, and the lumber hauled by respondent for through carriage is delivered by it to its connections, either at Jackson, Mississippi, to the Illinois Central Railroad Company or at Hattiesburg, Lumberton and Laurel, Mississippi, to the New Orleans & Northeastern Railroad Company, or at Gulfport, Mississippi, to the

Louisville & Nashville Railroad Company, by which said lines it is transported to its destination at the various Ohio River points and crossings. The through rates for such carriage are not made by Respondent, but by its Trunk Line connections, who determine the through rates from this territory to northern points, and it is utterly impossible for Respondent to promulgate any rate which is not made by its Trunk Line connections or to which they do not assent.

149 Sometime early in the year 1903, to-wit, the 1st day of February, Respondent was advised by each of its connections above named that it had determined to advance the rate for the transportation of yellow pine lumber from the junction points above named to the Ohio River crossings and beyond, two cents per 100 pounds and notified that the through rate of carriage from the mills to the said points would consequently be increased two cents per 100 pounds. And in obedience to the said notice, because Respondent had no other means of getting the lumber to said points, and because of the fact that the said connections demanded the increase price and declined to carry for any less, they were compelled to make the rates in accordance with said demands, and so acting thereunder, the through rate was increased by the amount of advance made by the Trunk Lines, being the other defendants to this suit.

Respondent shows that upon the receipt of said notice it was confronted with the necessity of doing either one of two things: First, either increase the through rate in accordance with the notification of its said connections, or second, in the alternative, take out the through rate altogether, carrying lumber only to junction points, and there delivering it to the said connections.

Respondent further shows that in the proceeding instituted by the Central Yellow Pine Association before The Interstate Commerce Commission, and in which the order was made which this suit seeks to enforce it by its answer, disclosed and showed to the Commission that it was in no wise interested in the said increase in rate; that it was not a party thereto, that it did not participate therein; that no part of the said increase inured to Respondent, but that the whole thereof was taken by the roads which had made the increase and which insisted that they were, by reason of the conditions of business, and cost of traffic, entitled to demand and receive the increased rate.

It will be apparent to the Court that it is impossible for this respondent to put in any through rates, without the assent of its connections over whose lines the traffic moves from junction points to the ultimate markets; and the said Trunk Lines, the connections of this Respondent, having, as Respondent is informed and believes, refused to regard the order of the Commission, Re-

150 spondent is unable to change the rates, because the said connections refuse to concur therein, and it is impossible for Respondent, acting alone, and without the concurrence of its said connections to reduce the said rates.

Respondent reiterates that it is not concerned with the said in-

creased rate on lumber; that it had nothing whatever to do with the said increase; its initiation, its execution, or its collection; that it never has participated and does not now participate in the said increase, and that no part of the said increase inures to it. It had nothing whatever to do either with the initation or maintenance of the said increased rate except that in obedience to the directions of its said connections it has been compelled to promulgate and collect the new rate, because on no other terms could the through rate be made and lumber moved to the markets. The only alternative left to Respondent was to take out the through rates, which Respondent was and is disinclined to do, because after conference with a great majority of its lumber shippers, including nearly all of the members of the Central Yellow Pine Association, upon whose complaint the order was made, Respondent was advised that the withdrawal of the through rates would mean the practical annihilation of the lumber business on its line, and that through rates, even at the advance were much preferable to the local shipments over several different lines.

VII. Respondent denies that said advance of two cents in lumber rates was unwarranted, and denies that said advance has resulted in rates excessive, unreasonable or unjust, or in violation of the Act to Regulate Commerce, and asserts the truth to be that the said rate as advanced was and is reasonable just and conformable to law, and to the Act to Regulate Commerce *Commerce,* and on this point Respondent further adopts all of the allegations of the answers of the Illinois Central Railroad Company; the Southern Railway Company; the Mobile & Ohio Railroad Company; the New Orleans & Northeastern Railroad Company; the Alabama Great South-
151 ern Railroad Company; the Cincinnati, New Orleans & Texas Pacific Railroad Company; the Alabama & Vicksburg Railway Company and the Louisville and Nashville Railroad Company and prays that the same may be considered as specifically incorporated herein.

Wherefore, the premises considered, Respondent prays to be hence dismissed, with its reasonable costs. And Respondent prays for general relief and will ever pray, etc.

GULF & SHIP ISLAND RAILROAD COMPANY,

(Signed) Per THOS. P. HALE, *2nd Vice Pres't.*

(Sig.) JAS. H. NEVILLE,
Solicitor for Respondent.

UNITED STATES OF AMERICA,
State of Mississippi, City of Gulfport:

Personally appeared before me, the undersigned authority T. P. Hale who is the Second Vice President of the Gulf & Ship Island Railroad Company, who being by me first duly sworn, deposes and says that the matters and things stated in the foregoing answer, as of the knowledge of defendant are true as therein stated, and those

stated on information and belief, Respondent believes to be true from information received.

(Signed) THOS. P. HALE.
2nd Vice Pres't.

Sworn — and subscribed before me this 24th day of July, A. D. 1905.

(Signed) H. C. ELDER,
[SEAL.] *Notary Public.*

152 *Notice of Filing of Answer of Gulf & Ship Island R. R. Co.*

Extract from the Chancery Order Book.

TUESDAY, *July* 25, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Gulf & Ship Island Railroad Company, one of the defendants through Jas. H. Neville, its Solicitor, has this day filed its answer to the Bill of Complaint herein.

153 *Letter as to Appearance of Green & Green as Associate Counsel for Compl't.*

Filed Sep. 5, 1905.

L. A. Shaver, Solicitor.

Interstate Commerce Commission, Washington.

I. C. C. *vs.* THE ILL. CENT. R. R. CO. ET AL. (Central Yellow Pine Association Case.)

SEPTEMBER 1, 1905.

H. J. Carter, Esq., Clerk U. S. Circuit Court, New Orleans, La.

DEAR SIR: Messrs. Green & Green of Jackson, Miss., will appear as associate counsel for the Commission (complainant) in the above named case on the suggestion of Mr. Geo. S. Gardner, President of the Central Yellow Pine Association.

Yours very respectfully,

(Signed) L. A. SHAVER, *Solicitor.*

154 *Order Extending Time for Taking Oral Testimony and Setting Down Case for Argument.*

U. S. Circuit Court, Eastern Dist. of La., at New Orleans.

INTERSTATE COMMERCE COMMISSION
v.
ILLINOIS CENTRAL R. R. CO. ET ALS.

No. 13346. In Equity.

On motion of W. W. Howe, U. S. Attorney, representing the Complainant, and on suggesting the consent of counsel for the defense; It is ordered that the defendants be allowed sixty days from December 15th, instant, and the complainant thirty days thereafter in which to take oral testimony, and that the case be set down for argument for April 2nd, 1906.

(Signed) CHARLES PARLANGE,
U. S. Judge.

December 9th, 1905.

155 *Stipulation as to the Evidence in the Case of the Yellow Pine Association vs. Illinois Central R. R. Co. and Printing Portions of Same.*

Filed Dec. 16, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Stipulation.

It is hereby stipulated and agreed by counsel for the complainant and counsel for defendants:

1. That all the evidence of every description before the complainant and filed, in the case of the Yellow Pine Association *vs.* The Illinois Central Railroad Company, *et al.*, may be filed in this cause and have the same force and effect as if taken herein, subject to objection by either party as to competency and relevancy.

2. That in printing portions of said evidence, and omitting in printing certain other portions because of the bulkiness of the latter

or for other reason, it is not intended to take such matter omitted in printing from under the operation of clause 1 of this stipulation, but such matter so omitted may be used on the hearing by counsel of either side to the same extent as if embraced in the printing.

Dec. 11-1905.

(Signed) W. W. HOWE,
U. S. Attorney.
L. A. SHAVER,
Solicitor for Complainant.
ED. BAXTER,
Solicitor for Defendants as of Record.

156 *Reassignment of Case.*

Extract from the Minutes, November Term, 1905.

NEW ORLEANS, THURSDAY, *March* 8, 1906.

Court met pursuant to adjournment.

Present: Hon. Charles Parlange, District Judge.

No. 13346.

INTERSTATE COMMERCE COMMISSION
vs.
ILLINOIS CENTRAL R. R. CO. ET AL.

On motion of T. M. Miller and R. E. Foster, of Counsel for plaintiff,

It is ordered that this case be re-assigned for April 30, 1906.

157 *Replication to Answer of the Defendants.*

Filed March 20, 1906.

United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD CO. ET AL.

The replication of the Interstate Commerce Commission, the plaintiff in the above numbered and entitled cause, to the answer of the Illinois Central Railroad Company and all its co-defendants therein.

This repliant, saving and reserving unto itself all and all manner of advantage of exception to the manifold insufficiencies of said answer, for replication thereunto saith that it will aver and prove its said bill to be true, certain and sufficient in the law to be answered unto, and that the said answer of the said defendants is un-

certain, untrue and insufficient to be replied unto by this repliant; without this, that any other matter or thing whatsoever in the said answer contained, material or effectual, to be replied unto, confessed and avoided, traversed or denied, is true; all which matters and things this repliant is, and will be, ready to aver and prove as this Honorable Court shall direct, and humbly prays as in and by its said bill it hath already prayed.

(Signed) W. W. HOWE,
U. S. Attorney.
" L. A. SHAVER,
" T. M. MILLER, &
" MARCELLUS GREEN,
Solicitors for Complainant.

158 *Hearing, Note of Evidence, and Continuance of Case.*

Extract from the Minutes, April Term, 1906.

NEW ORLEANS, MONDAY, *April* 30, 1906.

Court met pursuant to adjournment.
Present: Hon. Charles Parlange, District Judge.

No. 13346. In Equity.

INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

This cause came on this day to be heard before the Court.
Present: W. W. Howe, U. S. Attorney, T. M. Miller, L. A. Shaver and Marcellus Green, solicitors for the Complainant.
Present: Edmond D. Baxter, Sidney F. Andrews and Claudian B. Northrop Solicitors for the Defendants.
Whereupon the Counsel for the respective parties offered the following evidence in their behalf as per the Note of Evidence on file to-wit:

1.

Report, Findings, Conclusions and Order of the Interstate Commerce Commission.

2.

Stipulation of Counsel *in re* printed testimony etc. reference to documents, reports, etc.

3.

Volume of printed testimony as filed being testimony before the Interstate Commerce Commission in the case of the Central Yellow Pine Association *vs.* The Illinois Central Railroad Company *et al.* with all tables, exhibits and invoice therein.

159 4.

Stipulation of counsel *in re* proof in the Tap Line Case and proceedings of lumber manufacturing associations.

5.

Printed testimony taken at Nashville for defendants and same taken at Chicago as printed and filed with exhibits thereto.

6.

Printed testimony taken at New Orleans, for complainant, with exhibits thereto, and certificate of the Clerk of the U. S. Court Southern District of Mississippi, *in re* loss of record in case of Receivership of the Gulf & Ship Island Railroad Company.

7.

Original exhibits filed with testimony of Nathaniel G. Scott and not printed therewith.

8.

Two tariffs, Illinois Central Railroad Company, on cross ties, referred to by C. W. Robinson in his testimony as printed.

9.

Annual reports of the Illinois Central Railroad Company, the Southern Railway the Louisville & Nashville Railroad Co., the Alabama and Vicksburg R. Co., the New Orleans and Northeastern R. Co., the Mobile & Ohio R. Co., and the Gulf & Ship Island R. Co., as filed.

10.

Depositions of J. T. Jones and Elisha Gee.

11.

Statistical statement of earnings of the defendant railroads as filed.

12.

Deposition of Renshaw for defendants.

13.

It is agreed by Counsel in open Court and stated in open Court that if any documents filed herein are omitted in this note — shall be considered as included therein, also documents on file in the case

before the Interstate Commerce Commission if omitted from
160 the record may be filed and considered as if included in the printed copy on file.

14.

Statement of surplus earnings of the Chicago, St. Louis & N. O. R. R. Co. from 1891 to 1901 inclusive.

15.

Statement showing Capital Stock funded debt, fixed charges and dividends of the Illinois Central R. R. Co. from Jan'y 1st, 1883 to June 30th, 1903.

After hearing the arguments of L. A. Shaver and T. M. Miller for the Complainant and of Sidney F. Andrews and Edmund D. Baxter for the Defendants, it was ordered by the Court that the further hearing of this cause be continued until to-morrow at 11 o'clock A. M.

161 *Hearing and Submission.*

Extract from the Minutes, April Term, 1906.

NEW ORLEANS, TUESDAY, *May* 1, 1906.

Court met pursuant to adjournment.
Present: Hon. Charles Parlange, District Judge.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY CO., THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

This cause as continued from yesterday was this day resumed. After hearing further argument from Edmund D. Baxter of Counsel for the Defendants and arguments from Marcellus Green of Counsel for the Complainant the cause was submitted when the Court took time to consider.

It was ordered by the Court that the Counsel for the Complainant be allowed ten days in which to file Briefs and that Counsel for the Defendants be allowed five days thereafter in which to file their Briefs.

(Pp. 162 to 1172, incl., are omitted here in printing, being already in print, marked Vol. II.)

1173 *Stipulation of Counsel in Re Printed Testimony, etc., Reference to Documents, Reports, etc.*

NOTE.—Copied at page 155 of this Transcript.

U. S. Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION
vs.
ILLINOIS CENTRAL RAILROAD CO. ET AL.

Stipulation of Counsel *in Re* Proof in the Tap Line Case, etc.

Whereas, in the course of the hearing of the case of the Central Yellow Pine Association against the defendants herein, before the Interstate Commerce Commission, it was stipulated and agreed that so much of the testimony taken in the case of the Central Yellow Pine Association *vs.* The St. Louis, Iron Mountain & Southern, the Kansas City Southern and other railroads carrying yellow pine lumber from Arkansas and Louisiana west of the Mississippi River to Cairo and Mississippi River crossings as should be applicable should be deemed and treated as part of the testimony in this case,

And whereas the testimony in said last named case known as the "Tap Line Case," is very voluminous and it is deemed unnecessary to encumber this record with more than the substance provided,

It is hereby stipulated between the undersigned counsel for Complainant and Defendants herein that in lieu of the testimony in the said Tap Line Case it shall be considered that it was established by the proof therein first, that for very many years the practice had prevailed and still prevails among said lumber carrying roads in Arkansas and Louisiana west of the Mississippi River to allow to shippers of yellow pine lumber having mills on the lines of said railroads a certain division of the through rate charged to Ohio and Mississippi River crossings and beyond, running from one to four cents per one hundred pounds, according to the length
1174 of the shippers' logging roads, in all cases where their logs were hauled by their logging roads a distance of ten miles or upwards. This allowance was made upon the theory that the logging roads participated in the transportation service and upon the milling in transit principle, and in form the allowance was made to the logging roads serving the mills and which were usually incorporated as common carriers, but not in all cases.

Second, that it was furthermore established in that case that the shippers referred to had bought timber lands at considerable distances from the railroads; built their manufacturing plants along the railroads and built the logging roads to bring their timber in in reliance upon this tap line division being maintained, and that but for it they would have built their mills near their timber.

It is further stipulated that the rate on lumber charged to Ohio and Mississippi River crossings from Arkansas and Louisiana west of the Mississippi River is what is known as a blanket rate. In other words, the rate is the same to each of the Ohio and Mississippi River crossings from every point in Arkansas and Louisiana west of the Mississippi River without regard to what may be the actual distances from said points in Arkansas and Louisiana west of the Mississippi River to said Ohio and Mississippi River crossings respectively. It is also stipulated that the theory upon which the Commission sanctioned the allowance of said tap line divisions was that the lumber originated on what are called the logging roads, and was only stopped at the mills located at the junctions between the logging roads and the trunk lines for the purpose of being milled in transit.

It is further stipulated that at the twelfth annual convention of the Southern Lumber Manufacturers' Association held in Memphis, Tenn., January 14 and 15, 1902, the following, among other resolutions, were reported to said Convention by the Committee on Resolutions:

1175 Whereas, it having developed after repeated and earnest endeavor in several sections, that the effort of individual or semi-local associations are futile towards abating existing onerous discriminations by the railroads in usages, rates, etc., against lumber manufacturers, the Georgia Sawmill Association passed at its December Meeting a resolution looking to relief in the premises, and said resolution having been also endorsed by the South Carolina Lumber and Supply Association, reading as follows:

Whereas, There is a community of interests between all lumbermen, whether they be manufacturers, wholesalers or retailers, and

Whereas, There have been and are now existing onerous discriminations by the railroads in usages, rates, etc., against lumber manufacturers and shippers in this and other States, and

Whereas, This Association through its members, individually and collectively, has been and is now endeavoring to have such discriminations modified or corrected, and

Whereas, It has had its efforts impeded and in some *some* cases thwarted by coming in conflict with interstate traffic, and having the railroads plead state or local discriminations as an excuse against rectifying the evils complained of, with State Railway Commissions on the other hand pleading their inability to control matters of an interstate character where they exceeded in their operations the confines of their respective States, now therefore be it

Resolved, by the Georgia Sawmill Association in regular session that a committee of three be appointed to attend the forthcoming meeting of the Southern Lumber Manufacturers' Association at Memphis, Tenn., on January 14th and 15th, and then and there request said Association to join with this Association in invoking the active aid of all lumber organizations through the United States in memoralizing Congress,

First, To enlarge the powers of the Interstate Commerce Commission, giving that body jurisdiction over the matters herein com-

plained of, and in further conformity with the recommendations of President Roosevelt in his annual message to the Congress of the United States, now in session at Washington,

Second, To enact such laws as may be necessary to compel railway companies and other public carriers to equip their flat cars used for carrying lumber and timber, with standrods, supports, strips, railings, and other appliances necessary to the safe carriage of such lumber and timbers; to provide that the weights of all the same be included in the weight of cars; to provide pay for the shipper by the carrier in case of default on the part of the latter to properly furnish such equipment, and thus remove one of the most onerous discriminations against lumber and timber operators, lumber being about the only commodity for which cars and rolling stock are not properly equipped for the safe transportation thereof. Heretofore these standards, supports, strips, railings and other appliances having been furnished by the shippers at an enormous cost, not infrequently exceeding in a few years many times over the cost price of said flat cars, for which nothing in return theretofore has been given.

Now, therefore, be it

Resolved, That this Association heartily approve and endorse the above resolution, and hereby earnestly recommend to all Congressmen and Senators, and particularly those from the lumber
1176 producing sections, to carefully investigate as to the grievance complained of, and have prepared such bill or bills as may tend to remove same, and that said bill or bills be introduced in Congress and that they use their best efforts to secure the passage of same; and be it further

Resolved, That the Secretary of the Southern Lumber Manufacturers' Association be hereby instructed to promptly mail a copy of these resolutions to each of the members of this Association, and request them to bring the matter before their immediate Represen-tives and Congressmen, and urge prompt and vigorous action to the end desired; and to all lumber organizations throughout the United States, invoking their active aid as organizations, and also their individual membership to the same end."

April 26, 1906.

(Signed) T. M. MILLER,
Sp'l As't U. S. Att'y, Solicitor for Complainant.
ED. BAXTER,
Solicitor for Defendant.

IN THE

CIRCUIT COURT OF THE UNITED STATES

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY,
THE GULF & SHIP ISLAND RAILROAD COMPANY,
THE SOUTHERN RAILWAY COMPANY,
THE MOBILE & OHIO RAILROAD COMPANY,
THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY,
THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY,
THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY. CO.,
THE ALABAMA & VICKSBURG RAILWAY COMPANY,
THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

DEPOSITIONS ON BEHALF OF DEFENDANTS.

FOSTER, WEBB & PARKER, NASHVILLE

IN THE

Circuit Court of the United States

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY et al.

DEPOSITIONS OF

	Direct.	Cross.
F. B. Bowes	3	9
Haiden Miller	26	30
C. B. Compton	40	48
Elisha Gee	58	65
Thomas P. Hale	81	93
L. Green	118	130
T. F. Steele	135	147

MR. T. M. MILLER, Counsel for Complainant.
MR. ED. BAXTER, Counsel for Defendants.

IN THE

CIRCUIT COURT OF THE UNITED STATES

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY,
THE GULF & SHIP ISLAND RAILROAD COMPANY,
THE SOUTHERN RAILWAY COMPANY,
THE MOBILE & OHIO RAILROAD COMPANY,
THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY,
THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY,
THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY. CO.,
THE ALABAMA & VICKSBURG RAILWAY COMPANY,
THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The depositions of F. B. Bowes, Haiden Miller, C. B. Compton, Elisha Gee, Thomas P. Hale, L. Green and T. F. Steele, witnesses for the defendants in the above styled cause, taken at Nashville, Tennessee, February 8-9, 1906.

Formal notice, caption, certificate and the signatures of the witnesses being waived, and the depositions taken by consent of parties.

F. B. Bowes, a witness for defendants, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Ed. Baxter:

Q. You have heretofore testified in this case before the Interstate Commerce Commission, have you not?

A. I have.

Q. You filed as Exhibit "C" to your testimony in this case before the Commission a statement showing the amount of pine lumber through Cairo and Mounds, Ill., for the year 1903 as compared with the year 1902; have you caused to be carefully compiled a similar statement for the calendar years 1904 and 1905? If so, please file the same as Exhibit "C–No. 1" to your deposition?

A. I have and I file same as requested.
(Paper marked Exhibit "C–No. 1.")

Q. State the total expenditures on account of construction and on account of equipment charged to operating expenses by the Illinois Central Railroad Company during the fiscal years ending June 30, 1903, 1904, and 1905 on lines south of Cairo?

A. Nothing on account of construction or on account of equipment was charged to operating expenses, but during the fiscal years ended June 30, 1903, 1904, and 1905 there was expended for construction on lines south of Cairo the following sums, which were charged under the head of permanent expenditures:

1903	$3,509,080 26
1904	3,817,544 84
1905	1,141,625 16

No charges were made for equipment during those years.

Q. In charging said items to permanent improvements, were they paid for out of the earnings, or were they paid for by the issuance of bonds or stocks?

A. I cannot answer that.

Q. State whether or not, since 1903, when the testimony in this case was taken before the Commission, there have been any further increases in the prices paid by the Illinois Central Railroad for steel rails, poles, lumber, locomotives, box, flat and coal cars, wages of engineers, firemen, brakemen, switchmen and trackmen?

A. Since 1903, there has been an increase in the prices of material paid by the Illinois Central Railroad, as follows:

Steel rails	No increase.
Coal	10 per cent increase.
Lumber	15 per cent increase.
Locomotives	3 per cent increase.
Box cars	14 per cent increase.
Coal cars	27 per cent increase.
Flat cars	25 per cent increase.

There has also been an increase in the wages of employes, such as engineers, firemen, brakemen, switchmen, trackmen and others of approximately $1,200,000 per annum, or about 8 per cent.

Q. If the increases on account of any of the items referred to in my last interrogatory have had a substantial effect in increasing the operating expenses of the Illinois Central Railroad, make such statement as may be necessary to illustrate the nature of the increase?

A. The increase on account of the items specified in the

previous interrogatory and answer, has had the effect of increasing the operating expenses of the Illinois Central Railroad approximately 10 per cent.

Q. State what changes, if any, have occurred, since the last testimony in this case was taken before the Commission, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and points beyond?

A. The conditions now, and for some time past, have been exceedingly favorable to the manufacturers and shippers of yellow pine lumber. Material increases in the prices of the various grades of yellow pine lumber exist now, as compared with the prices at the time we made the 2 cent advance in the freight rates on yellow pine lumber to the Ohio River. These prices now range from $2.50 per thousand as a minimum, to $10 per thousand as a maximum, over the prices that obtained in 1903, at the time the said advance in lumber rates took place. The lumber manufacturers and shippers on our line have stated to the officials of our road from time to time in the past few years that conditions were all they could desire.

By Mr. Miller:

Counsel for complainant objects to that testimony as hearsay, unless that is limited to the demand and price of lumber, and not to be applied to any question affecting rates.

A. (Continuing). We know from our own experience that it is today, and has been for some time, a question of the ability of the lumber manufacturers and shippers to supply the demand, and that is the condition today.

Q. State whether the prices of yellow pine lumber used by the Illinois Central Railroad have increased or decreased since 1903, and if so, by what per cent?

A. They have increased approximately 15 per cent.

Q. State whether the advance of 2 cents per hundred pounds on lumber rates complained of in this case made by the Illinois Central Railroad was the result of any contract, agreement, combination or conspiracy between that company and its competitors, or whether it was made as a separate and independent action of the Illinois Central Railroad?

By Mr. Miller:

Counsel for complainant objects to this line of inquiry, upon the ground (I may be mistaken about it) that Mr. Bowes' testimony is already in the record on that subject.

A. The advance of 2 cents per hundred pounds by the Illinois Central Railroad was the separate and independent action of that company, and was not the result of any contract, agreement, combination or conspiracy between that company and its competitors.

Q. Explain why it is that the proportions of the through rates, involved in this case, which are allowed to the originating roads on lumber are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River, or other ultimate destinations?

A. It is generally recognized by railroads throughout this country, in dividing freight rates on traffic passing over two or more lines, that the originating line, particularly if the traffic originates at local points on said originating line, is entitled to a greater proportion relatively than connections. In some cases

local business, such as I refer to, originating at a local point, frequently takes the full local rate to the junction point, in some cases slightly less. In the case of yellow pine lumber, however, the Gulf & Ship Island Railroad, their maximum local rate to Jackson is 8 cents and our allowance to them is 7 cents, or less than their local rate. But it is self-evident to any one that a connecting line is not desirous of allowing a large proportion, if they can induce the originating line to accept less. Some of the originating lines in the Mississippi Valley, like the Gulf & Ship Island, might be compared to a merchant who has goods to sell, and the connecting lines might be compared to the purchaser who wanted those goods, with the final result that he had to pay the price of the seller. That is substantially what it amounts to in the case of the Gulf & Ship Island road, and for that matter other lines of similar character.

Q. It is stated in the report and opinion in this case, page 514, that "lumber is a low class traffic (Class 6, under both the Southern and official classifications), much below the average classification; but the average rate per ton per mile on lumber originating on the Illinois Central Railroad in 1903 was greater than the average, 5.91 mills, on all traffic. The lumber rates per ton per mile involved in this case are higher than those between numerous other points." Is it true that the average rate per ton per mile on all lumber originating on the Illinois Central Railroad in 1903 was greater than the average of 5.91 mills on all traffic?

A. It is not true, in my opinion.

Q. How do the commodity rates on lumber, which are in controversy in this case, compare with the rates on sixth class traffic between the same points?

A. The commodity rates on lumber are much lower than sixth class rates on other traffic between the same points.

Q. How do sixth class rates compare with the rates on the first five numbered classes?

A. They are lower.

Q. State the number of freight cars constructed or purchased by the Illinois Central Railroad during each of the years 1902, 1903, 1904 and 1905?

A. I telegraphed our General Manager last evening for this information, but have not received his reply, and therefore cannot answer it.

Q. How does the expense to the carrier for transporting lumber now compare with the expense in 1903, and how does the price of lumber received by the shippers now compare with the price received by them in 1903:

A. The expense to the carrier for transporting lumber now, as compared with the expense in 1903, is approximately 10 per cent greater, while the prices of lumber received by the shippers now, as compared with 1903, is very much greater, the prices in 1903 and at present being shown in a table published in The American Lumberman, copy of which I have here.

CROSS-EXAMINATION.

By Mr. Miller, for complainant:

Q. Since the question of the manner in which this rate was established, as claimed by the shippers of yellow pine before the Commission, has been brought up again, I wish

to ask you whether you attended any conferences between the traffic representatives of the Illinois Central Railroad, the Southern Railway, the New Orleans & Northeastern, the Louisville & Nashville, and all traffic managers of the roads west of the Mississippi River, the conferences beginning at St. Augustine, Fla., in December, 1902, and winding up at the Southern Hotel in St. Louis, about January 30, 1903?

A. I attended one conference at New Orleans following the discussion which took place at St. Augustine. I do not recall the date, but I think it was early in January, 1903. At this discussion, however, the Arkansas lines were not present.

Q. Well, didn't the meeting of the traffic men representing various roads east of the Mississippi River adjourn the New Orleans meeting on account of the failure of the Western roads, that is to say, roads west of the river, to have representatives at that meeting, and didn't they adjourn to St. Louis in order to continue the lumber rate discussion or project?

A. The discussion at the New Orleans conference, which I attended, was of an informal character. The views of the various representatives were given, as to the idea of an advance in the rates. As a result of that discussion, the individual members or representatives of the so-called east side lines, all stated that nothing could be done, of course, without or until the Arkansas lines gave their views as to whether it was desirable or not, and the meeting adjourned with that result.

Q. Well, now, it is true, Mr. Bowes, isn't it, that the eastern lines, which belong to the Southeastern Mississippi Valley Association, met almost immediately after the adjournment at New Orleans, at the Southern Hotel in St. Louis, and the lines west of the river met at the Fullerton Building, and that conference

committees were appointed on the part of both meetings to confer on that subject?

A. I did not attend the St. Louis conference, and in testifying I like to confine my answers to just what I saw and did myself.

Q. Do you know anything of the effort on the part of Mr. Washburn, then Chairman of the Southeastern Mississippi Valley Association, to induce the Traffic Manager of the New Orleans & Northeastern to assent to the proposition to advance the rate 2 cents?

A. I don't recall that.

Q. You are not prepared to say, are you, Mr. Bowes, that the Illinois Central originated this project to advance the rate on yellow pine lumber, or that the Illinois Central would have made the advance, unless it were concurred in by the other roads?

A. As my memory serves me now, the Illinois Central had felt for some little time, that the lumber rate should be advanced. I take it other lines felt the same. And at the first opportunity the question was discussed, and ideas interchanged, to see what the conditions were in the various localities served by the different railroads, as a result of which, and the conditions prevailing at the time, the Illinois Central management considered that it was not only desirable to make a slight advance, but entirely justifiable, and we so stated that as our opinion.

Q. Don't you know that that whole movement originated with the Southern Railway a short time after it acquired the Mobile & Ohio?

A. I couldn't answer that, I don't know that that is the case.

Q. You don't know who called that meeting at St. Augustine?

A. I do not, but my understanding was, it was an informal discussion; no meeting at all, no formal meeting for that purpose. The different gentlemen who were there in attendance at a joint convention took up other matters entirely, and they discussed this out of meeting hours, "on the side" so to speak.

Q. Mr. Bowes, wasn't there some difficulty and delay in inducing the roads west of the river, the Iron Mountain and the Kansas City Southern, and others, to come into that arrangement or proposition?

A. I cannot say that that was the case. I did not attend the St. Louis meeting and I cannot answer the question definitely the way I would like to for that reason.

Q. You never saw the correspondence on the subject between the different roads, the telegrams, and minutes of those meetings, did you?

A. I saw some of the correspondence, yes, sir.

Q. Well, did not all the members of the Southeastern Tariff Association come in at the same time, and make the same advance effective at the same time?

A. My understanding is, that the advance never took place in the southeast.

Q. Well, they published an advance, didn't they?

A. I believe they published a tariff, but were enjoined from its operation.

Q. And as soon as that injunction was withdrawn they put it into effect?

A. They put a tariff into effect, as I recall it, the following June.

Q. The 24th day of June?

A. Yes, sir.

Q. But they had published a simultaneous corresponding advance?

A. They had published a tariff, but I do not recall ever seeing any one of the individual southeastern tariffs, but I understand it generally, they did publish a tariff effective April 15, but never made it operative on that date.

Q. Mr. Bowes, you stated a while ago that although the prices of lumber are very much higher now than in 1903, at the time this advance was put on, the expenses to the carrier of transporting it is 10 per cent greater now than then?

A. Yes, sir.

Q. Do you reach that figure by an actual calculation from details, or is that just a general conclusion?

A. The figures are furnished me by our General Manager in a letter in answer to my request.

Q. Do those figures relate entirely to the cost of transporting lumber, or is it an average made of the cost of all transportation?

A. It covers the cost of handling all our commodities, is 10 per cent greater.

Q. You don't undertake to say, by any figures in your possession, the particular cost of handling lumber is that much greater, do you?

A. No, sir.

Q. You mean to say then, the expense of operating has increased 10 per cent?

A. Yes, sir; that is, it costs the company approximately 10 per cent more now than it did in 1903 to handle all traffic.

Q. You assume, of course, that lumber has contributed to that increase in proportion to other freights?

A. I assume, and I think very safely, that it should do so.

Q. What is the average rate per ton per mile on all traffic of the Illinois Central Railroad, you may say, in 1904 or 1905?

A. I think in 1904 it was 6.07 mills per ton per mile; 1905, 5.87 mills per ton per mile. I won't be positive on just those decimals, but I think they are correct.

Q. That would indicate a reduction in the schedule of charges in 1905 over 1904?

A. No, not at all.

Q. Why should the average be lower, unless there had been a reduction in the schedule?

A. I think in our case that can be explained easily. The Illinois Central handles a large tonnage of coal, approximating one-third of its entire traffic. The rates on coal, and consequently the rates per ton per mile on coal, are low. The more coal we carry, the more commodities bearing a low rate, such as coal, necessarily the rate per ton per mile will be brought down, and not that the question of freight rates was the cause, for the reason that that was not the case.

Q. Do you know the average rate per ton per mile charged for the transportation of coal by the Illinois Central Railroad?

A. We have those figures, but I haven't them with me. My recollection is, on bituminous coal, it is less than 4 mills.

Q. Mr. Bowes, you said awhile ago that the Interstate Commerce Commission was in error in its statement that the rate on yellow pine lumber was above the average rate on freight of all descriptions handled by the Illinois Central Railroad. Did you refer to the present time, or the time the Commission had in view?

A. I had in mind the time the Commission had in view, as well as the present.

Q. Do you recall what the average rate was in 1903, on all classes of freight over the Illinois Central Road?

A. 1903, all freight, 5.91.

Q. What was the average then on yellow pine lumber?

A. I don't think that was ever figured out on all the shipments over the Illinois Central Railroad at any time, and never has been figured out yet, and I am, therefore, at a loss to know from what source or by what means the Interstate Commerce Commission became possessed of information on that point. I have never seen it figured out.

Q. Well, for your information, I will state, if you do not recall it, that there was a good deal of testimony in this case, which related to the freight rate from McComb City, taking that as a working average haul to Cairo and Chicago.

A. I recollect that.

Q. And the rate per ton per mile was figured on that basis for an average. Don't you recall that?

A. I recall McComb City being used for the purpose of illustration, as a representative point, but the test does not warrant the Interstate Commerce Commission, or anybody else, in making the statement that McComb City to Chicago constitutes a basis of making a greater rate per ton per mile on yellow pine lumber than on the general average of the road, for it is well known, and requires only a pencil and paper to show it, that a large amount of our traffic, lumber traffic, going to our Iowa territory, for instance, is way below the rate per ton per mile from McComb City to Chicago.

Q. I don't understand. You mean lumber originating in Iowa?

A. No, on our line, at McComb, going to Iowa. And the only way to determine accurately, just what the rate per ton per mile on yellow pine lumber, originating on our road, would be to take the shipments for either a whole year, or representative months, say four representative months, for approximation purposes, and figure it out. For illustration, the rate to Omaha from McComb City is 23 cents per hundred pounds, as I recall it. We make that rate to meet the competition of Arkansas. Figure that out at the distance from McComb City to Omaha, and you don't get 4 mills. And what is true of Omaha is true of any city in Iowa which we pass through (although not to as great an extent) until we come down to Dubuque. To Dubuque, Sioux Falls, Sioux City, Cedar Rapids, representative points reaching consumers of lumber, we bring about this low rate per ton per mile, so that, to get the exact rate per ton per mile on yellow pine lumber, we have got to either take the business for a year, or four months and multiply by three.

Q. That has not been done, so far as you know, has it?

A. It has not been done, to my knowledge.

Q. Wasn't it considered in that case that it was a fair trial, to take representative points of origin and representative points of destination and get at the average, wasn't that the method pursued in that case? For instance, they took 80 miles, I think, as the average on the Gulf & Ship Island from Jackson, and then took McComb City, about the same distance down on the Illinois Central proper, and then took representative points in Illinois and Indiana, and in Central Traffic territory, in order to get the average. Wasn't that the practice pursued in that case?

A. I think we selected representative points, but I don't know that it was agreed to by counsel on both sides that that would be fair.

Q. I don't mean to say an agreement, but wasn't that the method pursued all around?

A. We selected representative points, but I think you will readily see, and anybody will see, that with the diversified situation and with the great territory served by the Illinois Central, with its own rails and connections, that the only true way, or only way to get that accurate, would be to take the entire business.

Q. You don't know anything about the volume of movement to those extreme points, like Omaha or Minneapolis, over your line, do you?

A. Not in car loads, but in a general way that business has increased. And I can recall, as another point, Mr. Butterfield's own business to Boston. They have connections in Boston which enable them to ship considerable quantities of lumber, and the

rate per ton per mile that we get up to our Illinois junctions on Boston lumber is very much less than we get on Chicago lumber. And that business has been considerable, as he knows.

Q. Well, there isn't anything now in your system of bookkeeping that would enable you to tell the average rate per ton per mile on any particular class of traffic, is there?

A. Well, we have lumber as a whole, covering products of the forest. Now, we know on that class, we have got that accurately, but there is, of course, various kinds of lumber. We haven't got it separated to show what yellow pine lumber is.

Q. I will ask you, do you know anything about the fact that there was a great reduction in the number of cars built by the railroads or for account of the railroads, running from 1903, to some time about October or November, 1904, and if so, how it happened?

A. I believe there was a retrenchment in the direction of car building and car purchasing during that period. I only know that from hearsay, however.

Q. Well, you do know, as a railroad man, in the business and familiar generally with what is going on, that there was an enormous increase in the output of cars from, say, about the first of October, 1904, up to the present time; you know that, don't you?

A. I understand, in a general way, that during that period the demand was much greater.

Q. Do you recall what steel rails were worth in 1903?

A. I do not know. Our General Manager says there has been no increase in the price of steel rails.

Q. Well, hasn't there been a very great decrease?

A. I don't know that.

Q. You say, Mr. Bowes, that it is the general practice, or it is generally recognized, that the line originating traffic is entitled to a relatively greater proportion of the through rate?

A. Particularly from its local stations; yes, sir.

Q. And particularly from its local stations?

A. Yes, sir.

Q. Isn't the division allowed the Gulf & Ship Island Railroad, for instance, in excess even of that principle? Say, 7 cents for an average haul of 80 miles, against the same amount, prior to this advance by your road, for carrying the same lumber 365 miles? Isn't it true now that the Illinois Central made a ten year contract to get that lumber from the Gulf & Ship Island Railroad and virtually bought that traffic as the highest bidder?

A. We had a written understanding with the Gulf & Ship Island people for a term of ten years, but subject to cancellation on sixty days' notice, as I recall it, so it is a thing that can be broken.

Q. The illustration you gave a while ago about the merchant, the buyers and sellers; that just about represented the condition down there with reference to the traffic of the Gulf & Ship Island, didn't it?

A. So far as we were concerned, we couldn't get the traffic at any less figure. We tried to do so, but we couldn't.

Q. Well, if the Illinois Central had been the only outlet, it wouldn't have been compelled to make any such concession as that, of course?

A. Possibly not.

Q. Because the Gulf & Ship Island would have been just as dependent on the Illinois Central, as the Illinois Central would have been on the Gulf & Ship Island.

A. If we were the only outlet, I dare say we could have made better terms.

Q. When you speak of originating lines, you refer to railroads proper, and not to roads that serve mills?

A. I refer to railroads proper, in the ordinary sense.

Q. To the finished product?

A. Yes, sir.

Q. The Illinois Central never recognized any claims of such as are known as "tap lines" demands, did it until lately.

A. Not until the first of this month.

Q. That is only a little matter of 2 cents, is it?

A. Yes, sir, 2 cents. It is our aim not to make it uniform 2 cents, but to pay less than 2 cents when the road is a short one, as against some of the longer lines.

Q. Have you any idea whether or not that was due to the invasion of that territory by the Goodyears and their project to build a trunk line railroad from down about Covington, La., extending the East Louisiana up in the direction of Memphis; did that have anything to do with it?

A. Yes, that had an influence with us in deciding on this course.

Q. Do you know anything about the increase of operating expenses among the producers of lumber, whether there has been any in the last year or two?

A. I do not.

Q. I want to know whether you know anything of the question of increase or decrease in the operating expenses of the lumber people; you have told us about the advance in the price of lumber. Do you know anything about that personally, yourself?

A. About the operating expenses?

Q. Yes, of the lumber people?

A. No, sir; I do not.

Q. You told us about the increase in the expense of operating the railroads; do you know whether or not the net earnings of the Illinois Central Railroad have increased since this case first began before the Interstate Commerce Commission, and if so, to what extent?

A. I would have to have the figures and the annual reports to show just that.

Q. Have you no figures with you, Mr. Bowes?

A. I know now, this present fiscal year, we are behind, sir.

Q. Beginning when?

A. The first of July.

Q. The first of July?

A. Yes, sir.

Q. Well, it has several times happened in the history of the Illinois Central that she has run behind during the first six months of her fiscal year and made it up the last six months or the second half, hasn't it?

A. I cannot answer that.

Q. Notably, 1902–3?

A. We are away behind at the present time on our net for this fiscal year.

Q. Well, what about last year, 1904–5?

A. We were ahead.

Q. How did that compare with 1903–4?

A. I could't answer that.

Q. Don't you know it showed a very considerable increase?

A. Our earnings for 1905 were greater than they were for 1904, and our earnings for 1904 were greater than they were for 1903.

Q. And for 1903 were greater than for 1902?

A. Yes, sir; and the prospects are, at the present time, for this fiscal year, that they will be less than they were for 1905, both in gross and in net.

Q. Where does the falling off in traffic show itself, Mr. Bowes?

A. There have been several causes. The yellow fever quarantine in the commencement of the fiscal year and extending over quite a few months, has had a direct effect on the earnings,

both in passenger and freight. And that, coupled with the decrease due to the heavy passenger business the year before on account of the St. Louis exposition, has contributed to the showing of this fiscal year up to date, much less in gross and in net than the same period last year.

Q. Well, the quarantine didn't affect the lumber traffic, did it, to any extent?

A. I suppose the lumber business was indirectly affected to some extent. I couldn't answer definitely.

Q. I think your tables show an increase in the movement of lumber over your lines over the previous year?

A. It might have been greater if it had not been for the quarantine.

Q. It might have been still greater?

A. I say it might have been. I think all those things were bound to have some effect.

Q. As compared with the previous year, it was greater, notwithstanding the quarantine. I haven't the details, but it ought to have had some effect on lumber even, because they didn't have the cars, I should judge?

A. It showed an increase right along through that period.

Q. Showed an increase?

A. Yes, sir; showed an increase right along.

Q. Lumber is all-the-year traffic, isn't it?

A. Yes, like coal and grain and other commodities.

Q. Has the Illinois Central added very largely to its equipment of flat cars since 1903?

A. I have just received a message from our General Manager. He says:

5,140 cars constructed and purchased during 1902;
11,458 cars constructed and purchased during 1903;
3,815 cars constructed and purchased during 1904;
2,519 cars constructed and purchased during 1905.

Q. You don't know, then, how many new flat cars have been acquired by the Illinois Central since 1903?

A. I do not.

Q. Well, now, when you state that there has been an increase in the cost of lumber of 15 per cent, locomotives 3 per cent, box cars 14 per cent, coal cars 27 per cent and flat cars 25 per cent, you don't state that from your own personal knowledge, do you?

A. No, sir. The General Manager gave me the information.

Q. And you say wages advanced approximately $1,200,000?

A. Yes, sir.

Q. In what year was that?

A. Since 1903, $1,200,000 per annum since 1903.

Q. Per annum?

A. Yes, sir.

Q. Well, do you know when the greatest increase was; what year?

A. I can't say.

Q. Hasn't there been, and wasn't there a decrease in 1904?

A. I cannot answer that. I don't think there has been.

Q. Have you an annual report of the Illinois Central Railroad, made to the stockholders for the year ending June 30, 1905?

A. I haven't it with me, but I can furnish it.

Q. I will be exceedingly obliged to you, Mr. Bowes, if you will obtain and have filed as a part of your testimony in this case, the annual reports of the Illinois Central Railroad to its stockholders, for the years ending June 30, 1904, and June 30, 1905.

A. I will do so.

Q. Without the documents before you, you are not able to state what has been the increase in the net earnings, if any, of the Illinois Central, since 1903, per annum?

A. No, sir.

Q. Do you know whether there has been any large increase in the tonnage handled by the Illinois Central since the beginning of 1903?

A. There has been.

Further this deponent saith not.

(The signature of witness is waived.)

Said witness, Haiden Miller, being duly sworn, testified as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Have you heretofore been examined in this case before the Commission, Mr. Miller?

A. Yes, sir.

Q. State whether or not your duties have required you to familiarize yourself with the changes in rates on yellow pine lumber from Southern and Southwestern points to points on Ohio River and beyond?

A. Yes, sir, they have.

Q. Give a history of the lumber rates from points in Arkansas, Louisiana west of the Mississippi River, and Texas, to Cairo and other Ohio River crossings?

A. On February 7, 1903, the St. Louis & Southwestern (Cotton Belt Route) published their Supplement No. 5 to Tariff No. 2948, announcing an advance, effective March 1, 1903, of 2 cents per hundred pounds on yellow pine lumber from points on their line to St. Louis, East St. Louis, Cairo, etc., and points basing thereon. Supplement No. 8 to the same tariff postponed said advance from March 1 to April 1, 1903. Supplement No. 9 to the same tariff postponed the advance from April 1 to April 15, 1903, and on the latter date the advance became effective. In Supplement No. 13, which was issued May 6, 1903, they restored, effective May 11, 1903, the rates that were in effect prior to April 15, and continued the rates in effect prior to April 15, to August 15, 1903. On May 27, 1903, they reissued their rates on lumber under their Tariff No. 3120, cancelling their Tariff No. 2948, which

continued the former rates. On July 2, 1903, they issued Supplement No. 3 to their Tariff 3120, again reinstating the advance of 2 cents on yellow pine lumber, the same becoming effective August 15, 1903; and the advance has remained in effect continuously since that time.

Q. Have you caused to be correctly compiled a statement of the movement of lumber via Mobile & Ohio Railroad to Ohio River points and beyond for the years 1902, 1903, 1904 and 1905, shipped from the territory in controversy in this case?

A. I will give the figures first requested, which are as follows:

Via Mobile & Ohio Railroad to Ohio River points and beyond, for the year,

1902 ..... 528,167 tons
1903 ..... 531,211 tons
1904 ..... 462,408 tons
1905 ..... 537,118 tons

Q. State whether or not the expenditures of the Mobile & Ohio Railroad on account of construction and on account of equipment are now, or have in the past been charged to operating exenses?

A. No such expense is charged by us to operating expense.

Q. What is it charged to?

A. That I cannot answer.

Q. State what changes, if any, have occurred since the last testimony in this case was taken before the Commission in the circumstances and conditions affecting the reasonableness of the

rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points?

A. My understanding is that the changes in the conditions surrounding the lumber traffic have been directly in favor of the lumber shippers and dealers, in that both the demand and the prices obtained for lumber have increased in that period.

Q. State whether, since 1903, there have been any further increases in the prices paid by the Mobile & Ohio Railroad on account of the following, and if so, state the amount of such increases, viz: Steel rails, coal, lumber, locomotive, box, flat and coal cars, wages of engineers, firemen, switchmen and brakemen, or other employes?

A. I have no detailed information on that point, but my understanding is, that wherever changes have been made in that time, it has been in the way of additional cost to the company.

Q. Explain why it is that the proportions of the through rates involved in this case which are allowed to the originating roads are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River, or other ultimate destinations?

A. Greater proportions, from a rate per mile standpoint, are generally allowed originating lines in the South on their local traffic than might be allowed the same line at the same time on traffic coming from some point beyond its rails. There are several reasons for this. Among others, it is considered that the local traffic of a given line might be considered a part of its capital, and by reason of custom growing out of this, this plan has been pursued. Furthermore, where a line originating local traffic, as in this instance lumber, has two or more connections, competition between those connections naturally has weight in the allowance made the originating road.

Q. It is said in the report and opinion in this case that "lumber is a low class traffic (class 6 in both the Southern and Official Classifications), much below the average classification." Is it true that lumber is in class 6 in both the Southern and Official Classifications, and is it true that class 6 is below the average classification?

A. It is true that lumber is classified in both the Official and Southern Classifications as sixth class. It is further true that sixth class is lower than the average classified rates. The rates on lumber, as an invariable rule, when shipped in carload quantities, are much less than sixth class rates themselves.

Q. How is it with reference to the rates on lumber complained of in this case; are they higher or lower than sixth class rates between the same points?

A. Very much lower.

Q. State whether or not the Mobile & Ohio Railroad has, since February, 1904, contracted to purchase new equipment in the way of freight cars, and if so, how many?

A. It has made two or more contracts for the purchase of new equipment since that date, but I am unable to give you the exact number or kind of cars. I have telegraphed our General Manager for that information, and should have it during the day, and will file it if desired.

Since writing the above I have received the following telegram:

"Since February, 1904, we have purchased 1,650 box cars, 700 gondolas, 250 hopper cars, 150 stock cars and 100 Rogers ballast cars, and now have ordered the following cars, which have not yet been delivered: 900 box cars, 100 furniture cars and 200 gondolas. We have built about 50 gondolas at our own shops since February, 1904.

CROSS-EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Miller, in these contracts for new cars, do you know whether they are larger or of greater capacity than the cars previously in use or previously acquired?

A. I would say in reply to that, that my understanding is that such cars as we have ordered in the past two or three years have been of the selected standard 36-foot 60,000 pound car.

Q. Sixty thousand pounds?

A. Yes, sir.

Q. You don't know what proportion, of course, what the proportion is of flat and other kinds of cars?

A. I have not received that information.

Q. Mr. Miller, what has been your observation in regard to the practice of lumber shippers in respect to loading cars up to the full capacity, of late years?

A. Well, so far as my knowledge goes, we have had very little trouble on that point.

Q. I suppose you know nothing of the question whether or not there has been a great increase or any increase in the cost to the lumber people of manufacturing lumber?

A. I have no knowledge on that subject.

Q. Do you know whether the gross and net earnings of the Mobile & Ohio Railroad have increased since 1903?

A. My understanding is that they have increased. That fact is fully covered by our annual reports, which I shall be glad to file if you would like to have them.

Q. I would be glad if you would.

A. Yes, sir. What years do you want?

Q. For the years ending June 30, 1904, 1905, two reports.

A. I will file same.

(It is agreed by counsel that the above annual reports may be forwarded to counsel and such parts filed and used as a part of the testimony of the witness as may be desired, subject to objection for incompetency or irrelevancy.)

Q. Do you know anything about the arrangement between the Illinois Central and the Gulf & Ship Island Railroads whereby as much as 7 cents per hundred pounds was allowed for an average haul by the Gulf & Ship Island of, I think, 80 miles, when the rate to Cairo by the Illinois Central was 14 cents?

A. I know of this arrangement by hearsay.

Q. It is a well-known fact among railroad traffic people?

A. It seems to be a matter of common information.

Q. Well, wouldn't that be deemed an extravagant allowance even in view of the custom of recognizing the right on the part of the originating line for its local traffic to get a greater relative proportion?

A. I couldn't say as to that.

Q. Do you know of any custom that justifies any such allowance as that, independently of a case of competitive bidding for the traffic?

A. I think Mr. Bowes testified that it was competition that caused it.

Q. I understand that. I asked you if you knew of any case, where there was only one outlet, where any such allowance is made?

A. They have more than one outlet, as you know.

Q. I understand that, but I am asking you if you know of a case, any such case where such a large proportion was allowed the originating line, where there was no other outlet and no competition?

A. I have no knowledge of any greater allowance being made.

Q. Have you any knowledge of as great an allowance as that being made to an originating line?

A. No, sir.

Q. You never allowed an originating line on a few miles haul more than 3½ cents a hundred pounds, on the Mobile & Ohio, did you—the Robinson case, for instance?

A. You are referring, perhaps, to the so-called tap-line allowances?

Q. Yes, sir.

A. Roads that were primarily logging roads and afterwards became chartered?

Q. Yes. Three and a half cents is the greatest allowance you ever made?

A. Three and a half cents is the maximum allowance we have ever made.

Q. You have nothing to do with the keeping of the books and accounts of the Mobile & Ohio, have you, Mr. Miller?

A. No, sir.

Q. You have charge of the traffic department?

A. Freight traffic.

Q. Freight traffic?

A. Yes, sir.

Q. I suppose these annual reports show what disposition is made of all receipts?

A. The usual form of annual report, yes, sir.

Q. When you make the general statement that expenses for construction or equipment were never charged to operating expenses, you just say that from your common understanding?

A. No, I say that from direct information furnished me by our General Manager, who does take direct charge of that.

Q. Who compiled the statement showing the movement of cars to Ohio River crossings of the Mobile & Ohio, which you refer to?

A. Our auditor.

Q. Have you any means of accounting for the large decrease in 1904 over 1903? I notice that in the latter year there was 531,211 tons, and the former, 1904, 462,408, or a falling off of about 69,000 tons. Have you any means of accounting for that?

A. Only that the demand for lumber for the purpose of building cars by the railroad companies was, during part of 1904, probably considerably less than it was in 1903.

Q. Do you remember what caused that slack demand for cars on the part of the railroads in 1903, wasn't there some special reason for that, Mr. Miller, that you are acquainted with?

A. You mean 1904?

Q. Well, the latter part of 1903, yes, and in 1904. Are you aware of any special reason that accounts for the slack demand for cars that year?

A. You mean slack orders for cars.

Q. Yes?

A. I could only reply to that in a very general way, and I really would not feel that my opinion would be worth very much; only speculation. I don't know definitely.

Q. Well, let's have that, if you please?

A. Well, it was claimed that the Presidential election had something to do with it.

Q. The what?

A. The Presidential election; I believe some people laid considerable stress on that, and probably there was a fear of that kind and perhaps feeling that the volume of business might be curtailed.

Q. As a matter of fact, there was no curtailment of the volume of business at that time, was there?

A. Our movement of lumber shows there must have been a curtailment in the movement of lumber at least.

Q. In other respects, are you aware of any?

A. Generally speaking, no.

Q. You don't know of anything to affect the price of steel rails, in that falling off in the orders for cars, do you?

A. No, I have no information.

Q. You heard of nothing of that sort among any of the railroad people at that time?

A. No, sir.

Q. Isn't it your observation, Mr. Miller, that there has been a continuous increase in the traffic handled by your road during the last three years, varying in volume only from time to time?

A. That is true.

Q. There has been an increase in the net earnings during these last several years, as I understand?

A. On that point I would prefer that you refer to the annual report.

Q. Now, isn't it a part of the history of railroads in this territory, known to all railroad people, that there has been a steady increase in the amount of net earnings during the last three years, including the present?

A. I can't say that. It varies.

Q. Haven't you curtailed the expense of operation on the Mobile & Ohio within the last two years, or within one of the last two years?

A. Again, I will have to refer you to the annual report.

Q. Well, hasn't lumber always been considered a low class traffic, and ought it not to be, on general traffic principles, Mr. Miller?

A. Well, it has been a low class traffic, as compared to some other articles.

Q. Well, there is very little risk in handling lumber, isn't there?

A. Compared to some other things; yes, sir.

Q. The shippers do the loading and the consignees the unloading of it, as a rule, don't they?

A. Yes.

Q. It is an all the year traffic?

A. Yes, sir.

Q. Moves in box or flat cars; almost any car or sort of car you have will do for lumber, won't it?

A. Well, it moves in either box or open cars; yes.

Q. Do you recollect the average capacity of the cars you built prior to 1903?

A. No, sir. For some years we have been trying to work to the 60,000 pound capacity; that has been our effort.

Q. But generally they were below that, were'nt they, Mr. Miller; the cars built for the Mobile & Ohio?

A. Well, I guess that was true.

Q. You have been working up gradually?

A. There has been an effort during the last several years to do that.

Q. All your equipment ordered for the last several years has been ordered up to that standard?

A. Sixty thousand pounds, or more.

Q. And your locomotives, of course, were heavier?

A. Heavier.

Q. The purpose being, of course, to cheapen the expense of operation, hasn't it been?

A. Well, it has been to give a greater tonnage moving power.

Q. Well, have you had the same difficulties in regard to congestion of freight for the last two years as you had in 1902 and 1903?

A. Well, I don't recall any especial congestion in 1902 and 1903. As a rule, we are able to handle our traffic with expedition.

Q. There was testimony, I think, in this case, that even on your line, there were long and frequent delays in forwarding lumber on account of conditions beyond your control?

A. Was that a case of lack of cars?

Q. I don't know, I think it was said to be lack of yard room and things of that sort.

A. It is posssible that testimony was given with reference to some trouble we had in our Meridian yard at one time. That has been overcome by putting in new tracks and extending the yards.

Q. There is no great delay, then, encountered in handling your traffic out of Meridian?

Q. Under normal conditions there is no reason why there should be.

Q. Do you know whether, generally, that congestion has affected Southern railroads in the last two years?

A. No, sir, I do not.

Q. You know, don't you, that in 1902-3 there was a universal complaint among the railroads themselves about the tremendous difficulty in taking care of the traffic that was tendered?

A. I do remember several complaints from various points about that time.

Q. It was almost impossible to get an adequate number of cars to handle the traffic, and there was a perfect deluge of business?

A. Well, about that time business increased materially.

Q. There has been no diminution in the business since, has there, Mr. Miller, that you are aware of?

A. No, sir.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. I understood you to say, on cross examination that the Mobile & Ohio allowed 3 or 3½ cents per hundred pounds on lumber to certain originating roads. What was the average length of the haul made by said originating roads?

A. The average length of haul, having in mind the several short lines with which we have these arrangements, would be, I should say, ten miles.

Q. Do you remember the year in which the buildings of the St. Louis Exposition were put up or constructed?

A. The St. Louis Exposition was opened in May, 1904, and the buildings were in course of construction for two years, perhaps more, prior to that time.

Q. Was the amount of lumber used in the construction of those buildings large or small?

A. Very large.

Q. You were asked in your original examination as to what advance had occurred, if any, in the price of material used in maintaining and operating your road, and you were not prepared to answer it. Are you now able to do so?

A. Yes, sir; I have received a telegram from General Manager Taylor, of our company, as follows:

"The advance in wages since February, 1904, has not been sufficient to make an appreciable increase in cost of operation. There has been a radical advance in the price of material used in maintaining and operating railroads, amounting to probably forty per cent (40%) which would be represented by a corresponding increase in the cost of operation of about ten per cent (10%)."

(Counsel for complainant desires to note an objection to this testimony, first, because hearsay, and second, because no details are given, but a mere statement of a conclusion, and no opportunity is afforded to inquire into particulars, which is really the main objection.)

RECROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. I will ask you, Mr. Miller, whether you personally are familiar with the various increases in the cost of material used in operation?

A. No, sir; my information comes from our operating department.

Q. You don't know how the 10 per cent stated is arrived at?

A. No, sir.

Q. Well, now, these new cars that have been built and bought since February, 1904, are they not considerably larger than the average of cars that you bought or built prior to that time?

A. Without definite knowledge, I should say not, because, as I said this morning, we have, for a number of years, been working toward the 36-foot standard car.

Q. They are above the standard that you had in use ten years ago, are they not?

A. I couldn't say that, sir; I don't know.

Further this deponent saith not.

(The signature of the witness is waived.)

Said witness, C. B. Compton, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Compton, you were examined before the Interstate Commerce Commission heretofore in this case, were you not?

A. Yes, sir.

Q. State what changes, if any, have occurred since the last testimony was taken in this case before the Commission, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond?

A. Improved market conditions and demands for lumber. Locomotive works and car manufactories cannot supply the demand upon them. Business conditions have generally improved and continue to improve, and the end is not yet in sight. In so far as the prosperity of the lumbermen is affected by the general prosperity, they have no cause of complaint and have great cause for satisfaction. The car supply of the Louisville & Nashville Railroad has been taxed to its utmost. This is true with respect to lumber shipments, as well as of commodities in general, although we are now furnishing to lumber shippers on our line more cars than we were called upon to furnish in previous years, yet the supply is inadequate, and no transportation man could possibly have anticipated and been ready for the emergency which has occurred. By reason of shortage of cars, the Louisville & Nashville Railroad has considered that its first duty was to the mill men upon its own line and it has discontinued the sending of cars off its line for loading at mills on foreign roads. The car shortage has been practically continuous since the Presidential election, and still continues, notwithstanding we have substantially increased our rolling stock.

Q. State whether or not you have caused to be made a careful inquiry of reliable lumber dealers at Montgomery, Ala., and at Nashville, Tenn., as to the prices of various kinds of yellow pine lumber at said places respectively, during the months of October 1901, October 1902, October 1903 and October 1904 and June 1905, and if so, file as Exhibit No. 1 to your testimony a statement showing the Montgomery prices, and as Exhibit No. 2 to your testimony a statement showing the Nashville prices.

A. I have compiled the statement referred to, and file as Exhibit No. 1 a statement showing the prices per thousand feet of yellow pine lumber prevailing at Montgomery, Ala., of the descriptions and dimensions shown for the months of October 1901, October 1902, October 1903, October 1904, and month of June, 1905. The statement shows the prices in detail of the various grades of yellow pine lumber. I also file as Exhibit No. 2 to my testimony a statement showing the Nashville market of the various grades of yellow pine lumber in the months of October 1901, October 1902, October 1903, October 1904 and May 1905. The statement shows the prices prevailing at Nashville for each of the months shown.

Q. State whether or not any advance was made in the lumber rates to Montgomery, Ala., corresponding to the 2-cent advance complained of in this case?

A. There was no advance in the rates to Montgomery.

Q. How was it as to the rate to Nashville?

A The rate to Nashville was advanced 2 cents per hundred pounds.

Q. State whether the advance of 2 cents per hundred pounds on the lumber rates complained of in this case, as made by the Louisville & Nashville Railroad, was the result of any contract,

agreement, combination or conspiracy between that company and its competitors, or whether it was made as the separate and independent action of the Louisville & Nashville Railroad?

A. It was made as the separate and independent action of the Louisville & Nashville Railroad and for the Louisville & Nashville Railroad. I, as Traffic Manager, handled it personally.

Q. Well, was it made under any agreement, contract or combination with the other competing lines?

A. It was not made under any contract or any understanding with the other lines. It was the voluntary act of the Louisville & Nashville Railroad.

Q. Have you caused to be compiled a statement showing the amount of movement of yellow pine lumber via Louisville & Nashville Railroad from producing points south of Birmingham to Ohio River points and beyond for the period from December 1, 1902, to December 31, 1905? If so, please file the same as Exhibit No. 3 to your testimony, and state what said Exhibit shows.

A. I have prepared a statement, which I file as Exhibit No. 3. The statement shows the movement of yellow pine lumber by the Louisville & Nashville Railroad from producing points on its line south of Birmingham, Ala., to Ohio River points and beyond, for the period from December 1, 1902, to December 31, 1905; the movement for each month shown separately, expressed in cars and in weights; total for each calendar year is shown, expressed in number of cars and total weight, so as to afford a means of ready comparison of movement. It shows that the movement increased about 30 per cent.

Q. During what period?

A. The calendar year 1905, as compared with the calendar years 1903 and 1904. The movement for the calendar year 1904 vs. 1903, as you will note, is about the same in cars, whereas, in weight, the increase is about 5,000,000 pounds; the movement for 1905 in pounds over the period of 1904 is 151,000,000 pounds. In other words, we have moved during the calendar year 1904 9,170 cars, weighing 384,472,395 pounds, as against, in the year 1905, 12,835 cars, weighing 535,693,119 pounds.

Q. You filed as Exhibit "B" to your testimony before the Interstate Commerce Commission, a statement entitled "Chicago Market on Yellow Pine Lumber, from January 1, 1901, to November 30, 1903." Have you caused to be correctly compiled a statement bringing said information up to date, and if so, please file the same as Exhibit No. 4 to your present testimony, and state what said exhibit shows?

A. I have prepared a statement showing the Chicago market of yellow pine lumber, January 1, 1891, to December 31, 1905, and file the same as Exhibit No. 4. Said exhibit shows the prices of lumber for each quarter of the calendar years 1891 to 1905, both inclusive, the freight rate shown thereon, and the percentage of the freight rates as indicated in the statement to the prices of lumber, as indicated in the statement.

Q. As I understand you, Exhibit No. 4, just filed by you, the second column shows the rate to Chicago, but it does not show from what point that rate obtains?

A. Yes, it does; it shows the freight rate to Chicago from Group No. 1. Group No. 1 is the group from which the so-called standard rate applies. The territory from which the rate applies is south of Montgomery, Ala., and south of Jackson, Miss.

Q. Have you caused to be correctly compiled a comparative statement, showing the prices of yellow pine lumber purchased

by the Louisville & Nashville Railroad Company during the years 1900, 1901, 1902, 1903, 1904 and 1905, of intermediate sills and larger sills used in the construction of cars; if so, please file said statement as Exhibit No. 5 to your deposition and explain what it means?

A. I have prepared a comparative statement which I file as Exhibit No. 5, showing the prices of yellow pine lumber, intermediate and larger sills, purchased by the Louisville & Nashville Railroad during the years 1900, 1901, 1902, 1903, 1904 and 1905, each separate. The statement shows a substantial increase in the prices paid by the Louisville & Nashville Railroad for that class of lumber.

Q. In said Exhibit No. 5 you have referred to intermediate sills and larger sills. State for what purpose that class of lumber is used, and whether or not it is extensively used by your company?

A. That class of lumber is extensively used in the construction of cars. The Louisville & Nashville Railroad purchases of these grades about 4,000,000 feet per annum. We use about 40,000,000 feet per annum of lumber of all kinds.

Q. State whether or not there has been, since February, 1904, when the testimony was concluded before the Interstate Commerce Commission in this case, any increase in the prices of locomotives purchased by the Louisville & Nashville Railroad, and give some estimate of the amount of such increase?

A. The increase in the cost of locomotives built to Louisville & Nashville specifications, is twenty-five to thirty per cent (25 to 30%). The prices of 1905 exceed those of February, 1904, to such an extent that on approximately one hundred locomotives, purchased by the Louisville & Nashville road

subsequent to February, 1904, the extra cost to the company has not been less than two hundred and fifty thousand dollars ($250,000).

Q. How many locomotives has your company purchased since February, 1904?

A. About a hundred.

Q. State whether or not since February, 1904, there has been any increase in the prices of box, flat and coal cars purchased by the Louisville & Nashville Railroad, and whether your company has actually purchased a material number of such cars?

A. There has been an increase in the prices of materials for box, flat and coal cars of about ten per cent (10 %). We do not buy cars outside, but have purchased material with which to build. Since February, 1904, we have built and bought material for about eight thousand (8,000) freight cars, about sixty-five hundred (6,500) of which have been put into service, and about fifteen hundred (1,500) of which are now being completed. The increased cost of those cars, by reason of the increased prices of lumber over those prevailing in February, 1904, has been not less than four hundred thousand dollars ($400,000). We are contracting for and assembling material for two thousand (2,000) additional cars to be built this year at an increased cost of ten per cent (10 %) over the last lot of cars constructed for 1905.

Q. How many cars were constructed by the Louisville & Nashville Railroad in 1904?

A. 1904, about four thousand (4,000) cars. It might have lapped over a little bit into the early part of 1905; 1905, approximately four thousand (4,000) cars, which has lapped very

slightly into 1906. In other words, we have, since February, 1904, put into service sixty-five hundred (6500) cars, and have material on hand for the construction of fifteen hundred (1500) cars, which are now in the course of construction and completion.

Q. How many in 1903?

A. In 1903 we constructed about one thousand (1,000) cars, and in 1902 five thousand (5,000) cars.

Q. Does your company in its purchases of lumber purchase direct from the mills on its lines or foreign lines, and does it receive bills from such mill for such lumber as it purchases?

A. Yes, sir, it does purchase direct from the producers.

Q. Can you state generally by what average per cent the price of lumber purchased by the Louisville & Nashville Railroad in 1905 exceeded the prices paid for similar grades of lumber purchased by said company in 1903?

A. About ten per cent (10 %), taking it as an average.

Q. What was the reason for the falling off in the number of cars constructed in 1903 as compared with 1902 and 1904?

A. Well, in 1903 there was a business depression and caution on the part of all railroad companies which caused them to think that it would be well to restrict the building of cars, as they did not know what the outcome would be. Immediately after 1903 business picked up again, and since that time the conditions in this country have been unprecedented in prosperity.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Compton, the large number of cars your company has recently constructed and put into service, and is continuing to put into service, is all to enable the company to take care of the largely increased traffic due to the generally prosperous condition of the country, isn't it?

A. Yes, sir.

Q. Well now, have you with you an annual statement made by the management of the Louisville & Nashville Railroad Company to the stockholders, covering the fiscal years of 1903–4 and 1904–5?

A. No, sir, I have not.

Q. If my memory serves me correctly, Mr. Compton, the report of the Louisville & Nashville for the year ending June 30, 1903, showed a net earning of about $3,400 per mile. Do you know whether there has been an increase of that earning since, whatever it was?

A. As stated before, I have not our annual report with me; I can, if you desire, furnish a memorandum showing the results from operation for the fiscal year 1903–4. I will state that our business has improved subsequent to that time.

Q. Mr. Compton, as a matter of fact, would not the results from operation have been largely more satisfactory for the year 1903, if it had not been for the unanticipated rush of traffic? In other words, was there not a congested condition, so to speak, due to the enormous amount of traffic offered over your lines, even in 1902?

A. My recollection is that the traffic conditions in 1903 and 1904 were such as to not cause any overplus of traffic. That is true with respect to the Louisville & Nashville Railroad, I know. We were very careful in the matter of the adjustment of our rates to see that all the people whom we served, and were dependent on, were well cared for.

Q. Do you mean to say in rates, or the distribution of cars?

A. I am speaking now of the business, not of the rates, but of the cars. We took good care of our patrons. There was a business depression in 1903, and the authoritative financial papers of this country and the business in general will show that such was the case. Subsequent, however, to that time business did improve, has improved and continues to improve.

Q. Well, I am speaking rather now, Mr. Compton, of the improvement in your capacity to handle the business, rather than the volume of the business.

A. Well, our capacities and our abilities to handle traffic have improved. They are better today than they were in previous years.

Q. Don't you remember that it was a common complaint throughout this Southern country among railroads that there was such an enormous traffic in 1902, especially, that with the facilities they had, they had great difficulty in taking care of it?

A. Yes, sir, in 1902; that is true.

Q. And the constant effort has been since that time to make your facilities equal to the demand upon them?

A. Yes, sir. But in the interim, the year following 1902, which is, of course, 1903, there was a falling off and feeling of un-

rest, due to the unsettled conditions of financial affairs, which rectified themselves and started business on its upward movement.

Q. Politics had something to do with conditions in 1903, didn't they?

A. That is my impression.

Q. So understood generally?

A. That is my impression; yes, sir.

Q. I notice, Mr. Compton, in this statement showing the number of cars and the weight of lumber transported over your line, from December 1, 1902, to December 31, 1905, that the increase in weight is out of proportion to the increase in the number of cars. Take the total for 1903, we have 9,199 cars, and the weight, 379,944,307 pounds. Now for 1904, the total number of cars is 9,170, being a decrease of 29, and yet, the weight given is 384,472,395 pounds, or an increase in weight of 4,528,088 pounds and a decrease of 29 in the number of cars. How do you account for that, Mr. Compton; increase in the capacity of the cars or in the methods of loading?

A. It will be noted that for the calendar year 1903, the average lading per car was 41,302 pounds, and for the calendar year 1904, the lading was 41,940 pounds per car; for the calendar year 1905, the average lading per car was 41,740 pounds. The average load per car in 1904, as compared with the average load for 1903 was an increase of 638 pounds per car. The average lading per car for 1905 as compared with 1904 was 200 pounds less. This shows conclusively that the lumber dealers or the saw mill dealers, or the shippers of lumber, do not utilize the car to its capacity. The Louisville & Nashville Railroad has, for the last several years, and prior to 1900, had its capacity

sixty thousand (60,000) pounds as the minimum, and according to this calculation, according to these figures, only two-thirds of the capacity of the car is used.

Q. What is the minimum accepted as carloads on your line?

A. Thirty thousand (30,000) pounds is the minimum.

Q. They must put at least thirty thousand pounds in, in order to get the benefit of the carload rates?

A. Yes, sir.

Q. Is there any difference in the character of locomotives now and those built previously, either in size or construction, on your line?

A. Well, I don't understand what you mean by previously, you mean what time?

Q. I mean those within any recent period.

A. Within a recent period they are substantially the same as they were previously. There has possibly been some increase—what you mean by "recent" may not be the same as I mean by "recent." If you will give me a period I can answer you better.

Q. You said there were a hundred locomotives ordered for 1905, was it?

A. No, we have put in service one hundred locomotives, I said, for the period since February, 1904, one hundred locomotives.

Q. Since February, 1904. Well, was that, or did that one hundred, you say, increase in cost two hundred and fifty thousand dollars ($250,000)?

A. Yes, sir; about two hundred and fifty thousand dollars, equivalent to, say from twenty-five to thirty per cent (25 to 30%), varying according to the specifications of the engine.

Q. Is that to be accounted for in any respect or in any degree by the difference in the size or make of the locomotives?

A. No, sir; this refers entirely to the same class of engines.

Q. Same class of engines?

A. Yes, sir.

Q. In other words, the price of locomotives has advanced about 25 per cent, is that the idea?

A. I didn't say 25, I said from 25 to 30 per cent.

Q. Are you able to state exactly how this advance was brought about and participated in by all the railroads serving the yellow pine region from Arkansas to Georgia, inclusive?

A. I have not the dates in my mind now, but I can give them to you if you desire, showing the dates that the advances occurred. They did not occur on the same date.

Q. As a matter of fact, did not the Louisville & Nashville file with the Interstate Commerce Commission a tariff or supplement showing an advance of 2 cents a hundred pounds from producing points in this territory to Ohio and Mississippi River crossings, effective April 15, then didn't the Louisville & Nashville postpone the operation of that tariff on account of the injunction in Georgia, until the 24th of June, when it was removed? What is your best recollection about that, Mr. Compton?

A. Well, I have testified to the facts concerning the dates of

the advance in the rates, and they are in the record. Now, when I make this answer, it is only from recollection; the facts are as stated in the record in the Tift case, and also in the Yellow Pine case. My recollection is that we announced that we were going to advance our rates, I think on March 1, 1903. We found that some of the producers on our line had contracts and had made sales ahead and they had not moved their lumber, or we hadn't moved it, it had not been sent to market, and for fear that an injustice might be done some one on contract, we suspended our notice and made it, I think, effective April 15. There was an injunction granted, and when it was, I did, for the Louisville & Nashville Railroad, suspend the effective date of our advance, because of that occurrence. When the matter was cleared up, I then did, for the Louisville & Nashville Railroad, give notice to all shippers, publish the rates, and filed them with the Interstate Commerce Commission.

Q. The only difference between this advance of the Louisville & Nashville, and the other railroads which are defendants here, is that yours did not actually go into effect until about the 24th day of June, 1903, whereas others went into effect on the 15th day of April?

A. Well, if you will permit me, I will answer by giving you the exact dates subsequently. I do not like to make a record here.

Q. I don't wish to involve you in any discussion at all, it is not my object at all, I just simply wanted to refresh your memory and my own memory as much as anything else. I understand anything you say will be corrected by reference to your previous testimony when you had the records before you.

A. I was about to say, I cannot speak with reference to the other lines. I can, with accuracy, speak with respect to our rates.

Q. Mr. Compton, you took no part in the meeting as between the representatives of these different railroads where the question of advancing the rates on lumber was discussed, the meetings that occurred at St. Augustine, Florida, New Orleans, Louisiana, and St. Louis, just previous to the advance being declared, did you? You were not present at any of those meetings personally?

A. Yes, I was present at St. Augustine. I was not present at St. Louis.

Q. Nothing was accomplished at St. Augustine; merely a conference?

A. We simply talked about the matter at St. Augustine.

Q. That meeting adjourned to New Orleans, and you did not attend that, or the one at St Louis?

A. I am not sure about the New Orleans meeting, whether I attended it or not, but I am sure I did not attend the St. Louis meeting.

Q. I don't understand anything was accomplished at New Orleans, any definite conclusion reached there, by any one, and isn't it your understanding that the reason why neither one or all reached any conclusion, was because of the absence of the lines west of the river at New Orleans?

A. Well, I just stated, in answer to the previous question, that I do not recall being at the New Orleans meeting?

Q. Well, did you have any understanding about it?

A. No, sir.

Q. Did you keep in touch with this movement?

A. With what movement do you refer to?

Q. The movement involving the raise of rates on yellow pine lumber?

A. Oh, yes, I kept this matter before me for some time. I had the matter before me for, well, I should say, six or eight months. I felt that, for the Louisville & Nashville Railroad, we had in times past pioneered and encouraged the development of this yellow pine country, and had adjusted our rates so as to enable the producers to meet competition, and when there was distress, in the panic of 1893, we reduced our rates substantially, and I felt that when times got better that it was reasonable to restore the rates that had been previously in effect. That is what the advance amounted to, simply a restoration of former rates.

Q. Well, conditions in old times, when those high rates, the highest rates prevailed, operating conditions were very much more unfavorable to railroads than conditions for them in 1903, were they not?

A. Well, I can take the operating expenses of our company today, as compared with the gross earnings, and they are greater than before. Everything entering into cost of transportation has substantially increased in price.

Q. Still, the railroad, as a whole, has increased its earnings constantly for a great many years?

A. Yes, our condition with respect to our gross earnings has improved.

Q. And net earnings also, have they not, in amount?

A. I think it perfectly fair to state that our condition is better today than before, but notwithstanding that fact, operating expenses have substantially increased.

Q. The increase in the net results has been due, of course, to the increase in the volume of traffic?

A. In the volume of traffic, yes, sir.

Q. Well, who represented the Louisville & Nashville at the St. Louis conference, do you remember?

A. I handled this lumber question myself, Mr. Miller.

Q. I understand that. But the Louisville & Nashville Railroad was represented at the conference?

A. I think not.

Q. Was it not?

A. I think not, sir.

Q. Well, wasn't it understood, Mr. Compton, by yourself and others that this advance could not be made or should not be made, we will say, unless the lines west of the river also should make a similar advance?

A. I had no understanding with the Western lines, Mr. Miller. As a matter of fact, the rates from territory east of the Mississippi River were advanced some time before the rates were advanced from territory west of the river. I think that their advance probably occurred in August, while ours went into effect, I think, probably the middle of June.

Q. Aren't you mistaken, Mr. Compton, about that?

A. Well, now, I am speaking from recollection.

Q. I agree with you substantially, but isn't it a fact now—

A. You mean as to dates, Mr. Miller?

Q. Yes. Understand me, Mr. Compton, I wouldn't do you the least injustice under any consideration. I merely want to get the thing straight. Isn't it a fact that you can remember that the lines west of the river that serve the yellow pine section of Arkansas and Louisiana did make an advance effective early in March—I won't give the date—then postponed its operation until the 15th of April, and withdrew it for a short period and then restored it before August or about August, 1903? In other words, did they not make a similar advance at the same time as the other roads?

A. No, my recollection is that their advance was subsequent to the advance in the territory east of the river; that is, was originally announced to become effective March 1, 1903, and was afterwards suspended and went into effect April 15, 1903. On May 11, 1903, the advance was suspended and the old rates were restored. The new rates were finally made effective August 15, 1903.

Q. Do you recall any correspondence with Mr. Washburn intended to bring the New Orleans & Northeastern into line on that advance.

A. No, sir.

Q. You are aware that a similar advance was made by the railroads in Georgia, effective April 15, 1903?

A. Yes, sir; the rates from Georgia were advanced. I recall that distinctly. I recall that our rates were advanced, also that the rates in Mississippi were advanced, and I testified at New Orleans, if you recall, that the Louisville & Nashville Railroad would not have advanced its rates if the rates from its territory were higher relatively than from other points. That is self-evident, because when the injunction was granted in Georgia to prevent an advance in the rates from Georgia, it did not apply from Alabama, which is the territory served by the Louisville

& Nashville Railroad, and I was unwilling for it to carry a higher rate relatively to its territory of consumption than was carried from Georgia.

Q. Mr. Compton, have you the annual statements made by the management to the stockholders of the Louisville & Nashville Railroad Company for the years ending in June, 1904, and June, 1905?

A. No, sir; I have not.

Q. Would you be kind enough to furnish me a copy of those?

A. Yes, sir.

Q. Just mark them for identification, "Sent by request of T. M. Miller, at the examination at Nashville," and send them to me.

A. Yes, sir.

(It is agreed by counsel that the same stipulation may apply to these reports as to those heretofore referred to, to be furnished by the witnesses.)

Further this deponent saith not.

(The signature of the witness is waived.)

Said witness, Elisha Gee, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Gee, were you examined before the Interstate Commerce Commission in this case?

A. No, sir.

Q. I wish you would state your residence and occupation?

A. Gulfport, Miss. I am auditor of the Gulf & Ship Island Railroad.

Q. One of the defendants in this case?

A. Yes, sir.

Q. Have you had any connection with the accounting department of any railroads other than the Gulf & Ship Island?

A. Yes, sir.

Q. What roads?

A. I was with the Florida Central & Peninsular, and Seaboard Air Line.

Q. In what capacities?

A. Well, with the Florida Central & Peninsular, I went in there about 1882 as office boy, and when that road was consolidated with the Seaboard I was general bookkeeper and had that same position on the Seaboard.

Q. State what was the cost of construction and equipment of the Gulf & Ship Island Railroad, as shown by the books of that company on June 30, 1903, and how many miles were represented by said cost?

A. The cost of road and equipment was $10,139,075.50.

Q. As of what date?

A. June 30, 1903. There were 251 miles of road in operation.

Q. For the year ending June 30, 1903, what was the total income of the Gulf & Ship Island Railroad, and by the term "total income" I mean net earnings and income from other sources, and by net earnings I mean the difference between the operating expenses and gross earnings?

A. $657,078.42.

Q. Do you mean that was the total income?

A. That was the total income, after deducting operating expenses from the gross earnings.

Q. What would it cost at the present time to reproduce said railroad and its equipment?

A. I believe it would cost practically what the value is on the books of the company.

By Mr. Miller:

Counsel for complainant notes an objection unless this witness qualifies as an expert.

A. I was going to add further, that several years ago, I think it was December 31, 1901, we had occasion to get a valuation placed upon our road and our consulting engineer placed a valuation on it which about agreed with the valuation on our books at that date. The consulting engineer is a man of considerable experience. I think he was with the Central of New Jersey for several years. The valuation was made a month or two afterwards; I couldn't tell exactly when it was made.

By Mr. Miller:

Counsel for complainant notes objection to any hearsay testimony as to the valuation placed on the property by any engineer, and so on, and other data which he gives.

Q. What is the lawful rate of interest in the State of Mississippi?

A. Six per cent and conventional rate may be as high as 10 per cent.

Q. What rate of profit is usually realized from the operation of industrial enterprises in the State of Mississippi?

A. Well, that varies. I think it will run from 10 to 25 per cent.

By Mr. Miller:

Counsel for complainant objects to the question as incompetent and irrelevant, and because witness has not qualified to speak.

Q. Upon what valuation per mile of the Gulf & Ship Island Railroad would the total income of that road for the year ending June 30, 1903, pay an annual interest of six per cent?

A. $43,631.

Q. Refer to page 56 of the Statistics of Railways in the United States, published by the Interstate Commerce Commission for the year ending June 30, 1903, and state what the average capitalization per mile of line of all the railways in the United States was for that year?

A. That was $63,186.

Q. Refer to the same page and volume and state what the average capitalization per mile of line of all the railways described in Group 5, referred to in said statistics, is for the year ending June 30, 1903?

A. $41,418.

Q. In which of the groups referred to in said Statistics of Railways is the Gulf & Ship Island Railroad located?

A. Group 5.

Q. Refer to page 56 of said volume and state what the average capitalization per mile of line of all the railways in Group 4 referred to in said statistics was for the year ending June 30, 1903?

A. $52,088.

Q. What States and parts of States are covered by said Group 4?

A. West Virginia, Virginia, North and South Carolina.

Q. Does it also take in Georgia and Florida.

A. No, sir. Group 5 takes in Georgia and Florida.

Q. Now, turn to that same page back there, page 56, and state the average capitalization per mile of line of all the railroads in Group 5?

A. $41,418.

Q. Please state the total expenditures on account of construction and on account of equipment charged to operating expenses during the fiscal years ending June 30, 1903, 1904 and 1905, on the Gulf & Ship Island Railroad, taken from pages 27 and 29 of your annual reports to the Interstate Commerce Commission?

A. As I understand that, that is construction and equipment charged to operating expenses?

Q. Yes, sir.

A. The Gulf & Ship Island has not made any charges for construction or new equipment to its operating expenses. It does, however, charge depreciation for replacement, and during the years 1903, 1904 and 1905 it has charged the following :

1903—For roadway purposes	$ 81,600 00
For equipment	16,947 00
1904—For roadway purposes	95,789 47
For equipment	41,449 56
1905—For roadway purposes	153,937 46
For equipment	48,938 02

During the same period, it has charged for construction and new equipment to its cost of road, as follows :

1903—For construction	$1,020,393 01
For new equipment	574,972 64
1904—For construction	923,151 79
For new equipment	3,321 50
1905—For construction	1,180,217 17
For new equipment	278,840 47
Total for those three years on account of construction	$3,123,761 97
Total on account of new equipment	857,134 61
Grand total for the two	$3,980,896 58

Q. Do I understand that when your company constructs new lines or extends its old line, or builds new sidetracks or makes any other improvement of a permanent character, instead of charging up the cost of those things to operating expenses, as is done by many roads, you charge it up to your construction account?

A. Yes, sir.

Q. As is done by some other roads?

A. Yes, sir.

Q. Where do you get the money from to make those permanent improvements if you don't take it out of your earnings?

A. We have to raise it in two different ways. We either sell more stock, or borrow money on bonds, long term bonds.

Q. So that, instead of taking the money from your stockholders, as you would do if you charged it to operating expenses, you get your money from persons to whom you sell your bonds or stock?

A. Yes, sir.

Q. And after it is carried into your treasury, you then expend it upon the road?

A. Yes, sir.

Q. But whether you get this money from the sale of stocks or bonds, or whether you take it out of your operating expenses, you have improved and increased your plant to the extent of the sums of money indicated by your answer?

A. Yes, sir.

Q. The Interstate Commerce Commission in this case, in commenting upon the disproportion in revenue accruing to the originating roads for a comparatively short haul, and the revenue accruing to the trunk lines north of Jackson and Meridian, etc., states that "the remedy for the unreasonably low proportions accruing to the trunk lines is not by an advance in the rates." If two cents per hundred pounds should be subtracted from the proportions of the Gulf & Ship Island Railroad of all the through freights on lumber to Ohio River points and beyond, can you

give an approximate and reliable estimate as to what the loss in revenue to your company per annum would be, on the basis of the actual amount for the last fiscal year obtainable?

A. It would be, in round figures, two hundred thousand dollars ($200,000) per annum.

Q. If $200,000 were deducted from the total income of the Gulf & Ship Island Railroad for the year ending June 30, 1903, upon what valuation per mile of road would the remainder pay a rate of 6 per cent?

A. $30,350.49.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Gee, the Gulf & Ship Island Railroad did not share in this advance at all, did it?

A. I think not.

Q. Didn't favor it, did it?

A. Well, I don't know Mr. Miller. I am not in the traffic department.

Q. Well, you know, as a matter of fact, do you not, that the Gulf & Ship Island Road is giving its traffic to the Illinois Central, at certain rates, under a ten-year agreement, don't you?

A. I don't know; I don't know of any such agreement. I don't know that there is any agreement.

Q. Were you selected as auditor of the Gulf & Ship Island Railroad by the management, or were you sent there by the bondholders?

A. I was selected by the management, it being agreeable with the bondholders.

Q. You were nominated by the bondholders, were you not?

A. Well, I can't say that I was, Mr. Miller. I know that my offer came direct from the President of the company.

Q. You don't understand that you were sent there. Don't you make reports to some bank or trustee in New York as well as to the company?

A. Why, we have fiscal agents in New York whom I give figures to.

Q. You are required, then, to make special reports to them, under your arrangement?

A. No, sir.

Q. That is not a fact?

A. No, sir.

Q. Do you have any say at all about the expenditures of that road?

A. No, sir.

Q. Nothing to do with it at all?

A. No, sir. I simply state the results of the expenditures.

Q. How long have you been in that office?

A. I was appointed auditor on March 1, 1902.

Q. Are you stationed altogether at Gulfport, or do you travel up and down the road?

A. I am stationed at Gulfport, that is my headquarters.

Q. You are not a traveling auditor, you are head auditor?

A. I am auditor of the company.

Q. What did you say was the capitalization of the Gulf & Ship Island Railroad?

A. The total capitalization of the Gulf & Ship Island?

Q. Yes, sir.

A. At what date was that, Mr. Miller.

Q. Well, what is it now?

A. Now, the capitalization is—what do you mean by that, the capital stock?

Q. I thought you would be able to answer that. I understand you have been stating it?

By Mr. Baxter, for defendants:

He has not been asked that question.

By Mr. Miller, for complainant:

Q. When you speak of capitalization of the road, what do you mean by it? What represents capitalization of a railroad? You have undertaken to say.

A. Capital stock.

Q. Only the capital stock?

A. Only the capital stock and funded debt.

Q. What is the capital stock of the Gulf & Ship Island Railroad?

A. I think it is six million ($6,000,000).

Q. Well, of course, this is a mere question of calculation, but what is that per mile of road, two hundred and fifty-one miles?

A. Six million?

Q. Yes.

A. I will have to figure it out for you.

Q. I wish you would.

A. It is about $23,905.

Q. Per mile?

A. Yes, sir.

Q. And you say the road cost how much per mile? You said the total cost was $10,139,075.50?

A. I said the total cost of the road June 30, 1903, was $10,139,075.50.

Q. How many miles of road?

A. Two hundred and fifty-one.

Q. How much would that be per mile, if you will make that calculation?

A. I have made that. That is $40,394.72.

Q. Well, now, in what manner, if at all, have you under-

taken to verify the cost of that railroad, the cost of construction of that railroad, up to June 30, 1903, as indicated by those figures on the books? Do you recall the amount on bonds out at that time?

A. June 30, 1903?

Q. Yes.

A. I think—I can't give you the exact amount from memory.

Q. Can you approximate it?

A. I have my books here, from which I can tell you. The amount of bonds outstanding June 30, 1903, was $4,607,000.

Q. And how much stock?

A. Five million ($5,000,000).

By Mr. Baxter, for defendants:

Q. You are speaking now of June 30, 1903?

A. Yes, sir.

By Mr. Miller, for complainant:

Q. How much stock is now outstanding?

A. There is six million ($6,000,000.)

Q. How many bonds?

A. Five million ($5,000,000.)

Q. The same bond issue?

A. Same bond issue.

Q. What rate of interest do those bonds bear?

A. Five per cent (5 %.)

Q. What did those figures that you gave a while ago, $657,078.42, represent?

A. That represented the total income for the year ending June 30, 1903.

Q. The total income—that is, gross?

A. No, sir.

Q. Net?

A. That is net income after deducting operating expenses from the gross and adding in some income from other sources.

Q. What income was there from sources other than the freight and passenger traffic of the road?

A. Well, there are items of interest. We have interest on money deposited, and various items.

Q. Was it any very large amount?

A. No, sir.

Q. The great bulk of that was, of course, represented by the earnings from passenger and freight traffic?

A. Yes, sir.

Q. How much in dollars per mile of road operated would that amount of money represent?

A. How is that question, again, please sir?

Q. I say, in dollars, how much per mile of road operated this two hundred and fifty-one miles would be represented by this $657,078.42?

A. It is $2,617.84.

Q. What would that be six per cent (6 %) on?

A. I will have to figure that. It is $43,631.

Q. What percentage on the mileage, per mile, would that represent, on the two hundred and fifty-one miles?

A. It would represent six per cent (6 %) on $43,631.

Q. Per mile?

A. Per mile.

Q. What did you say the cost per mile was?

A. The cost per mile—when? On June 30, 1903?

Q. Yes, sir.

A. Was $40,394.72.

Q. Well, now, you said a while ago that if you had shrunk your proportion by two cents per hundred pounds it would be clipping about two hundred thousand dollars ($200,000) off of your revenues?

A. Yes, sir.

Q. How did you get at that?

A. I took four months in the year; I took a winter month, a spring, summer and fall month, and arrived at it that way. Now, I have a little proof that I have figured up here today.

For instance, in the year ended June 30, 1905, we delivered to our connections 21,118 cars.

Q. That is, to the Illinois Central and the Louisville & Nashville?

A. Illinois Central, Louisville & Nashville and New Orleans & Northeastern, for points on the Ohio River and beyond. That, based on forty-five thousand (45,000) pounds to the car, would mean a loss of nine dollars ($9) a car, or in round figures, $190,000.

Q. Well, do you know how many cars you delivered in 1902-3?

A. Yes, sir; I think we can get that. In 1902 we delivered 22,799 cars to our connections for lumber destined to points north of our road.

Q. Do you get the same from your other connections as you get from the Illinois Central, the same division?

A. I really couldn't answer that.

Q. Well, now, as a matter of fact, how does your rate south, for similar distances, or substantially similar distances, compare with your rate north?

A. Mr. Miller, I am not very familiar with the rates. Mr. Hale is here and I think could answer those questions for you.

Q. Have you examined the stock account of your road?

A. Stock account?

Q. Yes.

A. What do you mean?

Q. The stock account.

A. The stock register?

Q. Does that show how that stock was paid for, if paid for at all? Does it show whether it was paid for in money? You said you have but two ways of raising money outside of the results of operation; one is by selling stock, and the other is by borrowing money on bonds. Well, I want to know whether those books show what amount of money was realized, first and last, from the sale of stock, how much money?

A. Mr. Miller, I can't answer that question.

Q. Have you examined the books since you were there, to find out?

A. I have examined the books of the company. The books of the company were—

Q. Do you know what, if any, sums of money went into the treasury of the Gulf & Ship Island Railroad from the sales of stock?

A. I know the transactions that have taken place since I have been with the company.

Q. The extra hundred thousand—is it a hundred thousand or extra million?

A. Extra million. I know that has been paid for.

Q. Paid for how?

A. Paid for in money.

Q. Actual money?

A. Actual money, at par. Well, I want to amend that just a little. It is actual money or its equivalent.

Q. Money expended and the stock issued to pay for it?

A. Stock issued to pay for it.

Q. That was money expended on the terminals down there?

A. Yes, sir.

Q. A very proper charge, I admit, of course. You don't know anything about the product of the first five million of stock?

A. No, sir.

Q. It stands as a charge against the company, of course?

A. Yes, sir.

Q. A stock charge, but whether or not five million dollars, or any sum in particular, was produced from the issue of that stock, you do not know, of course?

A. I don't know.

Q. That all occurred before your connection with the road?

A. Yes, sir.

Q. And the books in your possession don't show that five million dollars in money was realized from that stock?

A. No. The books in my possession just simply show the five million dollars of stock.

Q. Is it or not currently understood that a large portion of that stock went to a construction company?

A. I don't know, Mr. Miller.

Q. Well, where did the money come from to pay for the construction of that road—that is to say, the $10,139,075.50, which appeared, by your books, to have been the cost of that road on June 30, 1903; do the books in your possession show where this money came from?

A. No, sir, they do not.

Q. Well, then, how do you know that that road cost that amount of money, except from the circumstances that the outstanding stock and bonds represent that amount?

A. I know it in this way, Mr. Miller: As I have stated, we, for the purposes of our report to the Interstate Commerce Commission, wanted to make a division of the construction and equipment accounts, and we got our consulting engineer to make these divisions for us, and his figures, independent of the figures shown on my books, made up about that amount.

Q. Well, he didn't build the road—that engineer?

A. No, he did not build that road.

Q. He did not disburse the money?

A. No, he just simply went on his knowledge of what it would cost to build the road.

Q. I suppose he undertook to take into consideration the cost of material and the cost of labor and grading, and all that sort of thing?

A. Yes, sir.

Q. And that was an estimate?

A. Yes, sir.

Q. Now, did you make your books conform to his estimate and furnish that to the Interstate Commerce Commission?

A. No, sir. There was a slight little difference between his estimate and the figures on our books that I think, if I remember right, we threw into, for the purpose of that division, we put into general expenses. We used his division, say, for rails and bridges and such as that, and the slight difference, I can't remember now what it was, we threw it into general expenses so as to have that and the report to the Interstate Commerce Commission agree.

Q. Didn't that railroad company have a cash account from its inception?

A. There had been so many changes in it that I don't suppose—

Q. There was no work of construction done during the receivership of that road, that you know of?

A. I can't tell you, I wasn't there and have none of the books.

Q. Do you know how much money, do your books show how much money was realized from the sale of the land granted to that road?

A. My books do not cover any transactions of the land grants. The books that I have had, I don't think that—

Q. Did you open a new set of books when you went there?

A. Yes, sir; there was a new set of books opened.

Q. Well, those expenses of dredging the channel and the basin and the building of wharves, etc., at Gulfport, does that figure in the accounts of the railroad company?

A. Yes, sir; all paid for by the railroad.

Q. Is there any charge made at all to ships using those wharves?

A. Using the wharves?

Q. Yes. In other words, has the railroad company any revenue at all from the harbor and the channel?

A. No revenue for the use of the wharves or the channel, except, I think, there is a small wharfage charge. I find on having my memory refreshed, that the only charge made to vessels is a small sum for water furnished and for unloading ballast also.

Q. Do you know what that foots up?

A. I don't know, sir.

Q. Now, the business of the Gulf & Ship Island Railroad has increased very considerably since June 30, 1903, hasn't it, Mr. Gee?

A. Not so very much. Let's see, I can give you the figures. You mean the earnings, Mr. Miller?

Q. Yes, gross and net earnings.

A. The gross earnings for 1903—

Q. I mean since 1903. You have given that.

A. I have not stated the gross earnings.

Q. Wait a moment For your convenience, as well as our own, I will ask you to please file, either as a part of your testimony, or to mark for identification and send to me to be filed in the case, a copy of the annual report made by the management to the stockholders, for the years 1903–4 and 1904–5, and if those reports do not show the cost of dredging, the cost of the terminals, including the cost of dredging, etc., please make a separate statement showing that.

A. I will do that. Well, the cost of these terminals is included. It does not show them separately.

Q. If they are included, that is sufficient.

A. Oh, yes, they are included.

Q. If it is possible, from any data that you can command, I should be glad if you will also furnish a statement showing what money was realized from the sale of stock or subscriptions to stock, and what amount of money was realized by the Gulf & Ship Island Railroad from the disposition of its lands donated by the government?

A. Mr. Miller, that is going to be mighty hard to get at. I don't know that I can get it up. Prior to my taking charge of the accounting department our accounts were not well kept, and I have had to go into several things there, and it is almost impossible to get out the details.

Q. What sort of country does the Gulf & Ship Island Railroad traverse, topographically speaking?

A. Mr. Miller, I am not really familiar with it. I have never been all over the Gulf & Ship Island Railroad. Mr. Hale, I think, could give you more information on that than I could.

Q. Well, all the cost of that road is now represented, is it not, by stocks and bonds?

A. All the cost of it?

Q. Yes.

A. No, sir; it has cost more than—well, yes, it is represented by stocks and bonds and floating debt.

Q. Well, the floating debt is not large, is it?

A. No, sir.

Q. That is simply current liabilities that are taken care of in due course?

A. Yes, sir.

By Mr. Miller, for complainant:

I want to note an objection now, if I did not do it at first, to all testimony relating to the cost of that road, based on the report of the consulting engineer selected for that purpose.

Q. Have you built any new railway recently, or are you constructing any new railway?

A. Yes, sir.

Q. Well, this additional increase of capital was that for that purpose?

A. No, sir. We will show in our balance sheet of June 30, 1905, that item styled "Securities due for construction of new lines, $1,150,800."

Q. None of this new issue was to take care of that?

A. No, sir.

Q. How has that been taken care of?

A. We have made a contract with a construction company to build certain mileage and turn over to us a certain mileage, and until that is completed we will make no settlement, no real actual settlement, until the line is completed.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Gee, it has been suggested that you were in error in stating that there were no terminal charges for the use of the piers and harbor at Gulfport? Is there a terminal charge on lumber?

A. When I made that answer I ought then to have asked that that question be propounded to Mr. Hale, because he is more familiar with the traffic conditions than I am and I should not have made any reply to that at all.

Further this deponent saith not.

(The signature of the witness is waived.)

(Whereupon an adjournment was had to 9 o'clock tomorrow morning).

FRIDAY MORNING, FEBRUARY 9, 1906.

Said witness, Thomas P. Hale, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. State your residence and occupation?

A. Gulfport, Miss. Second Vice President of the Gulf & Ship Island Railroad.

Q. Were you examined before the Interstate Commerce Commission?

A. No, sir.

Q. If you have had connection with the freight department of any railroads in the United States, what railroads were they and in what capacity were you connected with them?

A. About ten or fifteen years connected with the Northeastern, the Queen & Crescent, in the way of freight bill clerk, bill of lading clerk and rate clerk, and afterwards with the Southern Railway in the capacity of soliciting agent for about five years, and for the last nine years in charge of the traffic department of the Gulf & Ship Island Railroad.

Q. State what changes, if any, have occurred since the last testimony in this case was taken before the Commission in February or March, 1904, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi to Ohio River points?

A. The rates that were made effective in April, 1903, to those points are practically in effect today and have been in effect for the past two years. In the past two years I know from personal knowledge that the prices of lumber have materially increased, being from fifty per cent to sixty per cent (50% to 60%) more than they were two years ago.

Q. You mean, the rates on lumber?

A. No, the prices of lumber, the prices of lumber have increased fifty or sixty per cent. The material evidence to me, that the lumber business has been thriving, is manifested by continual applications on our road for tracks and sidings into new mill sites. Mill men tell us that the lumber business was never better in its history. We have had no complaints in the past two years as to rates to this territory. Occasionally complaints were made that we did not, and we were not able, to give the mill men the cars, but this is only generally in cases where they wanted a special kind of cars, forty-foot length or something of that kind, or a car going to a particular territory. The burden of their song was, "Give us the cars and we will do the balance." No complaint as to rates.

Q. Have you caused to be correctly compiled a statement showing the movement of yellow pine lumber via Gulfport for export during the calendar years of 1902, 1903, 1904 and 1905, from points in Mississippi; if so, please file the same as Exhibit No. 1 to your deposition and explain what said statement indicates?

A. I have not got that in the shape of an exhibit, but I can give the figures, it won't take very much room, and I presume it will be embodied in the answer.

Lumber handled through Gulfport:

1902.....	13,044,237 feet.	(About)	1,000 cars.
1903.....	47,232,765 feet.	(About)	3,500 cars.
1904.....	193,275,500 feet.	(About)	15,000 cars.
1905.....	.....225,990,750 feet.	(About)	17,000 cars.

The number of feet given above are board measure. Now, all of this lumber did not come off of the Gulf & Ship Island Railroad. Some of it came by water to the port of Gulfport.

Q. All of that go for export, or was some of it for coastwise?

A. A portion of it was for coastwise. Just exactly what proportion of it I couldn't say.

Q. What points does the coastwise lumber generally go to?

A. It goes to New York, Philadelphia, Baltimore, Boston and points that are contiguous thereto. Some of it goes into New York harbor and goes, I believe, through the Erie Canal.

Q. State whether the advance of 2 cents per hundred pounds on the lumber rates complained of in this case, as made by the Gulf & Ship Island Railroad, was the result of any contract, agreement, combination or conspiracy between that company and its competitors, or whether it was made as the separate and independent action of the Gulf & Ship Island Railroad?

A. At the time the advance was made, in 1903, we were not members of any freight association in the United States. We were not consulted as to this advance, we had nothing whatever to do with it, nor, moreover, do we participate in any of this 2-cent advance on this business destined to this territory on the Ohio River and north. When we learned that the rates on yellow pine lumber in our territory—which was the territory in Mississippi to the east and to the west of us—had advanced 2 cents, we, considering

the conditions, thought that the advance was reasonable, consequently we put in the same through rates from our stations. If we had not put in the same through rates from our stations, we would have had to charge our local rate up to Jackson or up to Hattiesburg or up to Gulfport, and the rates from those three points, taking Chicago as a basis, would have been twenty-six (26) cents to those junctions, plus our locals, which would vary from four to eight (4 to 8) cents. The rates from mills on our lines, consequently, would be just what we added to those rates for our locals higher than the mills on each side of us, and our mill men would have been out of business, they couldn't have done business. Therefore, the move on our part was practically an advantage to our mill men.

Q. Well, the Chicago rate of 26 cents, to which you have just referred, to what territory does that apply?

A. From what territory?

Q. Yes.

A. It applies from Jackson and Meridian, and points, you might say, south of that down to the coast.

Q. All of those points, as I understand it, are covered by blanket rates?

A. Yes, sir.

Q. So that, if you had charged your local rates after refusing to participate in the through rate, your mill men would have had to pay the 26 cents blanket rate, plus your local rate?

A. Exactly.

Q. And they vary from four to eight (4 to 8) cents?

A. Four to eight cents.

Q. And that would have forced your mill men out of the market?

A. Yes, sir.

Q. Explain why it is that the proportion of the through rates involved in this case which are allowed to your road as an originating road, is greater per ton per mile than the proportion accepted by your connections which carry the lumber from Jackson or Hattiesburg to Ohio River points and beyond?

A. Our road is considered a lumber road, and justly so. An examination of our annual reports will show that our tonnage from lumber varies from seventy per cent (70 %) to seventy-seven (77 %).

Q. Do you mean by seventy to seventy-seven per cent that the lumber traffic on your road constitutes from seventy to seventy-seven per cent of your total freight?

A. Yes, sir. Our road would not have been built and extended through that territory without we had had the assurance of a greater per ton per mile rate than these trunk lines were enjoying, for the reason that the country that our line traverses was what was called the "Piney Woods," there were very few people living in there; there was no business, there were no towns, the lands themselves were practically of no value, going from a dollar and a quarter to two dollars and sometimes possibly three dollars an acre, for the reason that there was no way of getting out, they couldn't get to market. It was dependent, the road was, on what we would and could get out of the lumber business, and that is why the road was built. Then, again, we knew that all the lumber that we took off our line we depleted our resources that much. We realized that we would not have any

through business; that the lumber would be cut off faster than we could bring in settlers to cultivate the soil and build up little towns and industries, we having only a little short line, and also noticing the difficulties that the trunk lines have in bringing in settlers, we realized that the task before us was almost superhuman. Therefore, we felt reasonably justified in demanding of our connections a much greater per ton per mile rate than they enjoyed. Now, looking at the other side of the question as to why the trunk lines were justified in accepting our business and getting a much less rate per ton per mile than on their own; we went into a new territory and brought them new business, opened up an entirely new territory for them altogether. We had three, or perhaps five different lines of railroads to give our tonnage to: On the north, the Illinois Central, also the Alabama & Vicksburg, part of the Queen & Crescent, at Jackson. At Hattiesburg we had the Northeastern, and through the Northeastern we had the Alabama Great Southern Railroad and the Southern Railroad, which are practically one system, I believe, and also the Mobile & Ohio at Meridian. We would work with these lines through the Northeastern, through Meridian. On the south, at Gulfport, we had the Louisville & Nashville Railroad. In addition to all that, we had the water down there. Therefore our connections saw that we had a position of advantage, and if they wanted to get that business they would have to make it of material advantage to us, so that it would be money in our pockets to give it to them rather than to use either of these other connections, or the water. And again, they were justified because they had their roads built, generally with rock ballast, solid roads, in many cases, part of them double tracked or about to be double tracked; they had their organization completed, all their engineering, their roadway, their traffic and legal departments, all their various departments were organized and those expenses were going on continuously whether they got our business or whether they did not. The question up to them was, for instance, we are handling eight freight

trains a day going north; it costs us so much per ton per mile to do it; if we handle three more freight trains per day going north, those additional three freight trains are not going to cost us as much as the first eight, the cost to us will be on the additional three freight trains—will be the cost of our train men and the cost of fuel and the trifling cost of wear of the equipment and lubrication. The roadway will be just the same, the interest on our bonds and our stocks, the salaries to all of our departments will be the same. Consequently, weighing the whole matter, the trunk lines were justified in taking on this new business at a much less rate per ton per mile than they would get on their regular business. On the same principle that a manufacturer, say for instance, of typewriters, may manufacture a hundred thousand typewriters. They will sell them at a certain price. Their surplus which they do not sell, if they cannot sell them in the United States, for instance, they will go to some other country and dump them on the market and sell them for what they can get, say five thousand of them. It might seem to a man it was paradoxical how they could make money selling these five thousand typewriters in South America for less than it cost them, but in making those five thousand typewriters, they reduced the price of all their typewriters that they manufactured, consequently, it is to their advantage to sell them almost below cost.

Now then, to try to be brief in this and to sum it up in a nutshell: The Gulf & Ship Island Railroad had built its road for pine lumber alone. The movement of pine lumber reduced its resources. They couldn't expect to build up their country with settlers and industries as fast as it was cut off, as the other trunk lines on all sides of them had been in operation for thirty or forty years and had that time in which to build up their local territory and had not done it. The Gulf & Ship Island Railroad had the benefit of competition of four or five trunk lines and of the water at Gulfport. The trunk lines were justified in their

action for the reason that it was competitive business, that their lines were completed, the organization established with the expenses of the different departments going on—taxes, insurance, interest, etc., and they could take on this additional business at a very much less rate per ton per mile than otherwise. Now, I think that that about covers the ground.

Q. Mr. Hale, when was the Gulf & Ship Island Railroad completed between Gulfport and Hattiesburg?

A. About January 1, 1897.

Q. Well, after it was completed to Hattiesburg, it had the railroad connections that you have already mentioned?

A. Not all of them—at Hattiesburg, yes, sir, at Hattiesburg and Gulfport.

Q. But prior to the construction of your road through to Hattiesburg, what railroad connections did you have?

A. Prior to the construction of our road through Hattiesburg?

Q. Through to Hattiesburg, before you reached Hattiesburg?

A. We had the Louisville & Nashville Railroad at Gulfport and the water at Gulfport.

Q. When was your harbor at Gulfport sufficiently completed to enable you to ship lumber through that harbor?

A. I might say in the latter part of 1902.

Q. Then, in 1902, you had the Louisville & Nashville Railroad and your water outlet as the only means of shipping out your lumber?

A. In 1902 we had all of our connections that we have today, for our line to Jackson was completed in July, 1900.

Q. Your line to Jackson?

A. Line to Jackson; yes, sir, in July, 1900.

Q. When did you say it was completed to Hattiesburg?

A. In January; the first of January, 1897.

Q. Well, now then, between the time it was completed to Hattiesburg and the time that it was completed to Jackson, did you have the same connections that you had after getting to Jackson with your line?

No, sir; we didn't have the connection at Jackson at all. We had all the connections south of there that we have today.

Q. Well, now, before your line reached Jackson, what did the rail connections allow your road out of their through rates from points on the Gulf & Ship Island Road to points on the Ohio River and beyond?

A. Three to four cents, some territory four.

Q. By whom was the harbor at Gulfport constructed, and what was the object of the company in constructing the harbor and providing it with piers, etc.?

A. The harbor at Gulfport was constructed by the Gulf & Ship Island Railroad for the purpose of enabling the mill men on their line to reach the coastwise markets, likewise the markets of the world. Also to strengthen the position of the Gulf & Ship Island Railroad in the event that the markets in the interior of the United States were depressed on account of some panic or failure of crops or something of that sort; the mill men

on our line would then have the advantage of shipping to South America, to Europe, Africa and to all points of the world, and the results proved the wisdom of what we did.

Q. What did that harbor at Gulfport cost your company, including the piers, dredging and all?

A. Up to date it has cost in the neighborhood of two million dollars ($2,000,000).

Q. And you spent that amount of money in order to get an outlet to the world?

A. Yes, sir.

Q. Now, since that harbor at Gulfport was constructed—take for instance, the present time, if you please—what proportion of the total amount of lumber originating on the Gulf & Ship Island Railroad has moved to coastwise points or to points of export?

A. I have carefully considered that question and it is my opinion that from twenty to twenty-two per cent (20 to 22 %) of our lumber moves through Gulfport for export and for coastwise trade.

Q. What proportions have been allowed your road by the Illinois Central out of through rates from points on the Gulf & Ship Island Railroad, on lumber destined to Ohio River points and beyond?

A. To points north of the Ohio River and on and west of the Buffalo-Pittsburg line, we are allowed 7 cents per hundred pounds. To the territory east of the Buffalo-Pittsburg line, 6 cents.

Q. Why is it that they allow you less proportions out of the through rates to points east of the Buffalo-Pittsburg line, than out of the through rates to points west of the Buffalo-Pittsburg line?

A. For the reason that the through rates to that territory by reason of the coastwise competition, water competition, are lower than they are to points west of that line.

Q. What shipping arrangements have you for the transportation of your coastwise and export traffic; do you issue through bills of lading to coastwise or export points?

A. When same move all rail, through bills of lading are issued. When same move through the gulf, or Gulfport, bill of lading is only given to the gulf port, shipper taking care of the lumber there and attending to its forwarding, etc.

Q. What rates do you obtain for the transportation of lumber from points on your road to Gulfport, when it is destined for coastwise or export transportation?

A. From 4 to 7 cents, varying according to the distance.

Q. Can you state what the average revenue you get is?

A. Our average would be, I presume, $5\frac{1}{2}$ to 6 cents.

Q. And the Illinois Central allows you 6 cents on part and 7 cents on the balance?

A. Yes, sir. But I would like to say one thing in connection with that: That all of this business that moves through Gulfport for export, at least 95 per cent of it, is rough lumber and much of it green; that there is very little kiln dried; consequently, while the rate per hundred pounds may be less, our

revenue on the same lumber is more than what we would get from our rail connections, there is so much water in it. Very little of it is kiln dried and none of it is dressed.

Q. So, in accepting from the Illinois Central six or seven cents per hundred pounds as your proportion of the through rates to points on or north of the Ohio River, you do not, as a matter of fact, get any more revenue than you would if the same lumber moved for export?

A. No, sir; about the same.

Q. State, for the fiscal year ending June 30, 1903, what percentage the revenue from the lumber traffic of the Gulf & Ship Island Railroad bore to the total freight earnings, and what percentage the tonnage of lumber of the Gulf & Ship Island road for said year bore to the total tonnage of said road?

A. The revenue derived from lumber for that year was 70.08 per cent of the revenue derived on all business.

Q. Does that include passenger as well as freight?

A. Yes, sir; on all business. The percentage of tonnage of lumber was 79.63 per cent of our whole tonnage.

I would like to interject something here. You asked the question as to whether this was 70 per cent of all of our revenue, including our passenger business. Well, now, it is my impression, my belief that it is, although these figures were compiled by our auditor, and I might be mistaken on that point; it might have been only of the freight, but my impression is, it is of all.

Q. Well, your annual reports will show?

A. Yes, they will speak for themselves and will verify it.

Q. Can you state, generally, whether or not the same relations have been maintained during the succeeding years, as to the revenue and tonnage of lumber, as compared with other traffic?

A. Practically the same.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Hale, how much of the Gulf & Ship Island Railroad had been completed when you first became connected with it?

A. The Bradford Construction Company began work on the Gulf & Ship Island Railroad in October, 1895, and I entered their service in January, 1896. I became connected with the Bradford Construction Company up at Hattiesburg at that time. There was a little work being done on both ends of the line, from the Hattiesburg end and the Gulfport end, working from both ends. That was in January, 1896, and I have been with them ever since.

Q. Well, how much main line has the Gulf & Ship Island and how much branch?

A. At present, the distance from Gulfport to Hattiesburg, the main line, is a hundred and fifty-nine and a fraction, practically a hundred and sixty miles of main line.

Q. To Hattiesburg?

A. To Jackson; pardon me—to Jackson, a hundred and sixty miles. There is a branch, leaving the main line at Maxey

and going over to Columbia, about forty-eight miles. A branch leaving the main line at Saratoga and extending to Laurel, forty-one miles. A branch leaving the main line at Mendon Hall and extending in a southerly direction to Silver Creek, about twenty-nine miles. That is about what is operated today. The same is operated today as was operated when our last annual report was issued. There may be some fractions there, but that is about it.

Q. Well, do you know anything about the actual cost of the construction of the main line?

A. No, sir.

Q. How much of the branch line between Maxey and Columbia was acquired by your road from the Camp & Hinton Company?

A. None.

Q. How much of the line between Columbia and Lumberton was acquired from the Camp & Hinton Company?

A. None.

Q. What was done with the railway acquired from the Camp & Hinton Company?

A. The Gulf & Ship Island didn't acquire any from the Camp & Hinton people at all. If you want the question as to what became of the road that was once operated by Camp & Hinton Company, I will answer that question. From rumor, from hearsay, it was foreclosed and bought in by the Bradford Construction Company, a company who was building the lines for the Gulf & Ship Island Railroad.

Q. Then did the Gulf & Ship Island acquire it from the Bradford Construction Company?

A. Yes, sir.

Q. What I meant was, what part of the railroad between Maxey and Columbia was acquired by the Gulf & Ship Island Railroad which had formerly been operated by Camp & Hinton?

A. Sixteen miles, between Maxey and Lumberton.

Q. Well, sixteen miles, then, of that forty-eight miles is the same roadbed you have got now?

A. Some change of alignment has been made, and all such things as that.

Q. How much of the line between Laurel and Saratoga was acquired from Eastman & Gardner?

A. Now, I could only speak from hearsay on that, I cannot speak authoritatively from my own knowledge; I cannot answer that.

Q. Well, from your connection with the company what have you learned about it?

A. What I learned about it was that the Bradford Construction Company entered into a contract with the Eastman & Gardner people to pay them so much per mile for twenty miles of railroad out of Laurel.

Q. You do know that is now a part of the Laurel branch?

A. Yes, sir.

Q. Do you know how much those sixteen and twenty miles cost the Gulf & Ship Island Railroad?

A. No, sir.

Q. Have you not learned or heard from the officials from time to time?

A. What the Bradford Construction Company bought in or what the Gulf & Ship Island paid the Bradford Construction Company for either of them I don't know. I have heard that the twenty miles of road acquired of the Eastman & Gardner people, they were paid as a part consideration $8,000 a mile, as a part consideration.

Q. The balance was some trackage rights reserved?

A. Yes, sir.

Q. You don't know what was paid Camp & Hinton?

A. No, sir; I never heard.

Q. Did you never understand that they got twenty thousand acres of land for which they got $80,000?

A. No, sir.

Q. You never heard of it?

A. I heard that they got some land, but the prices I never heard anything about nor the quantity.

Q. Well, how does the main line of the Gulf & Ship Island compare with the branch lines in construction?

A. The main line is a heavier rail, it is a better track by reason of the banks being wider and heavier rail and the cuts perhaps being cleaned out more.

Q. In the original construction of the Gulf & Ship Island road, even the main line, do you know what proportion of second-hand rail was used?

A. No, sir.

Q. Weren't you on the road at the time that Captain Bullis represented both the railroad and the Bradford Construction Company?

A. Yes, sir.

Q. Don't you know, Mr. Hale, as a matter of fact, that a very large proportion of the rails laid were second-hand?

A. Yes, sir, I do know that; that is, the line between Hattiesburg and Gulfport. I know that a large proportion of the rail laid north of there was new rail.

Q. Well now, as a matter of fact, you were getting, prior to the completion of the road from Hattiesburg to Jackson, from 3 to 4 cents in the division of the through rate from your connections?

A. Yes, sir.

Q. After you got to Jackson, and got in connection with the Illinois Central, you got 7 and 6 cents?

A. Yes, sir.

Q. Well, don't you remember, Mr. Hale, that that construction from Hattiesburg to Jackson was pushed with great rapidity, and was very far from being first-class construction?

A. Yes, sir.

Q. As a matter of fact, the cuts were narrow and they followed the bottoms as much as possible, didn't they?

A. Yes, sir, when the road was first opened up; it is fair to say that afterwards all those things were improved and rectified.

Q. Now, it is also true that you got some heavy locomotives for lumber and other trains on the Gulf & Ship Island and that you found them impractical to use on account of the roadbed and track, wasn't it?

A. I don't wan't to answer your question yes or no; I think it is right that I should say more than that.

Q. Well.

A. The locomotive works were crowded and all the locomotives we could get were two heavy locomotives, which would not be taken by the people for whom they were ordered. They were about ninety-ton locomotives. Mr. Bullis, General Manager at that time, thought perhaps he could operate these locomotives, but he found that it wasn't safe to operate them owing to condition of the track. There were two of them.

Q. You then exchanged those for other locomotives?

A. No, they are still in operation on our line.

Q. I understand, but temporarily you made an exchange?

A. Yes, sir, temporarily we made an exchange.

Q. Swapped the use of them?

A. Exactly.

Q. Now, when was it that you first began to operate the present character of locomotives on your line—I understand you have very fine locomotives there now, heavy ones?

A. Well, our standard locomotive is about seventy-two tons. Then we have, I believe, eight locomotives of about seventy-two tons—our reports will show exactly—and an equal number of about fifty-six tons, or in the neighborhood of that. Still, these two locomotives that you referred to are twenty tons heavier, or nearly 30 per cent heavier, 20 to 25 per cent heavier, than our standard locomotives of today.

Q. You have taken those back, have you not?

A. We are operating them on the road.

Q. What size locomotives do you operate on the branch lines?

A. My impression is that, as a rule, they operate those locomotives of between fifty-six and sixty tons. Occasionally, I believe they run heavier locomotives over there when the traffic demands it, when the business is heavier and it is advantageous to take a heavier train.

Q. Well, you don't allow your cars to leave your line, except in insignificant numbers, do you, Mr. Hale?

A. No, sir.

Q. And in the traffic of this rough lumber and green lumber to Gulfport, you use flat cars almost exclusively, don't you?

A. Yes, sir.

Q. And they are loaded to full capacity, I suppose?

A. I should say that the average capacity of those cars, the average load of those cars is fully sixty thousand pounds, because our tariff makes a minimum, the rates are on a minimum of fifty thousand pounds as against the interior on thirty thousand.

Q. The ship brokers and lumber exporters charter vessels that come there and take away these loads, do they not?

A. Yes, sir.

Q. The Gulf & Ship Island Railroad has no regular steamship connections or ship connections?

A. No, sir.

Q. The annual reports that Mr. Gee said he would file, the annual reports will show, of course, the equipment?

A. Yes, sir.

Q. Do those reports show when this equipment was acquired?

A. By taking 1893, for instance, and then 1894, you can see the increase, you know and you can get it in that way. I think it does, though, I think it tells about what increases have been made in the equipment during the past year.

Q. Are you at all familiar with the financial state of the Gulf & Ship Island Railroad?

A. I would say no.

Q. You don't know the cost of construction?

A. No, sir.

Q. Or equipment?

A. No, sir.

Q. You don't know what money was realized from the stock of the company?

A. No, sir.

Q. Nor from the land as gotten?

A. No, sir.

Q. You do know, as a matter of fact, that that land was gotten?

A. I do know of one case in particular where I drew up a deed, copied a deed, made a copy of a deed for some parties to sign for some land sold.

Q. How long ago?

A. That was about eight or nine years ago?

Q. Do you recollect the rate per acre?

A. Yes, sir.

Q. How much was that?

A. Four dollars.

Q. That same land is now worth twenty to twenty-five dollars per acre, isn't it?

A. Thirty wouldn't buy it, I should say. I am no land man, but that is what I understand.

Q. Now, do you know what sources of revenue the Gulf & Ship Island Railroad has, outside of its traffic, passenger and freight traffic?

A. Practically none.

Q. Wasn't something said here yesterday about a dock charge on lumber?

A. Well, that is connected with the traffic to a certain extent. There is a fund that amounts to a small showing under the head of "Miscellaneous Earnings." The whole thing would appear in our annual report. For instance, we have a charge of one-half cent for the use of the docks, but it is predicated on the traffic coming into the port.

Q. Do you know anything about the original contract made between the Gulf & Ship Island Railroad and the Illinois Central Railroad—a ten-year contract? It was, I think, offered in evidence?

A. There is a contract, but it is not exactly that either, but there was an agreement between the two lines, which was made before the line was extended into Jackson, in which the Illinois Central stated they would give us these divisions at Jackson, based upon the contract that we put our line into Jackson instead of some other point.

Q. The Eastman & Gardner Company and Camp & Hinton are very large shippers, are they not, of lumber?

A. The Eastman Gardner Company—yes, sir, they are both to be considered large shippers.

Q. The Gulf & Ship Island Railroad controls the tonnage of those two concerns, doesn't it?

A. Yes, sir.

Q. As long as freights are equal to common points?

A. Yes, sir.

Q. Do you recall how much lumber the Eastman & Gardner Company ships?

A. It would be an estimate at best.

Q. Isn't it something in the neighborhood of sixty-five million (65,000,000) feet per annum?

A. I haven't figured it out. I know that that is on their bill heads, and I know about the number of cars we get from them a month; something of that kind, at least. I used to know better than I do now.

Q. They don't export at all, do they?

A. Yes, sir.

Q. Do they?

A. Yes, sir; they find it to their advantage, some of their lumber to export.

Q. Camp & Hinton export almost exclusively, or very largely?

A. I should say something about half and half, something of that kind.

Q. What is the rate, or what is the distance from Lumberton to Gulfport?

A. Lumberton to Gulfport, about sixty miles.

Q. What is the distance from Hattiesburg to Jackson?

A. Ninety miles.

Q. Is it ninety?

A. It is ninety, or eighty-nine and a fraction. It is practically ninety miles.

Q. You didn't say what was the rate from Lumberton to Gulfport?

A. I think it is 6½ on export business, to the best of my recollection.

Q. Is there any difference for coastwise?

A. Yes, sir.

Q. What is that?

A. I think it is 7 cents. We make a difference between export and coastwise rates.

Q. You are not sure, though, are you?

A. Yes, sir, I am sure we do make a difference, but just exactly what the difference is I am not sure.

Q. I understand, but are you sure about the rate?

A. No, I am not.

Q. Well, what is the rate from Laurel to Gulfport?

A. Seven cents, is my recollection.

Q. What is the distance?

A. About a hundred and fifty-two miles.

Q. What is the distance from Laurel to Jackson?

A. Laurel to Jackson is about ninety miles.

Q. And the rate?

A. The rate depends on where the shipment goes to.

Q. If it goes to Central traffic traffic territory?

A. Seven cents is our proportion of the through rate. I would be glad if you would ask me why the discrepancy in those two rates exists.

Q. You stated that.

A. No, I beg pardon, I did not; why we charge 7 cents to Jackson, for ninety miles, and why 7 cents is charged to Gulfport, a hundred and fifty-two miles.

Q. I was not concerned with that, I only wanted the facts, I don't care anything about the reasons.

A. Well.

Q. You said a while ago that the Gulf & Ship Island did not participate at all in the movement to advance the rate on lumber, and, as I believe it is a fact, the Gulf & Ship Island does not share at all in that advance?

A. To that territory, no, sir.

Q. It does not share in any advance due to the increased tariff, through tariff effective April 15, 1903, does it?

A. To the territory north of the Ohio River, Central Traffic Association territory, no.

Q. That is to say, the tariff of which complaint was made in this case, the Gulf & Ship Island got no benefit then from that?

A. To the territory north of the Ohio River in the Central Traffic Association territory, no, sir.

Q. Was it allowed any advance, or did it submit to any reduction or shrinkage on freights, lumber freights, destined to points south of the Ohio River?

A. Now, it may be that there are some few points south of the Ohio River to which the rate has been increased and we receive a part of said increase, for instance, if the rate to Nashville had been increased, we would have received a small portion of it; but were the rate increased to points on the Illinois Central Railroad in this same territory, for instance Jackson, Tenn., we would have received no portion of said increase, even though the increase would have amounted to four (4) or five (5) cents. There would have been an increase in our proportion only in cases where the through rate to points on foreign lines south of the Ohio River had been increased, and instances of the through rate being increased to such points are extremely rare.

Q. From 1897 up to 1900 your connections were at Hattiesburg with the Northeastern and thence via Meridian with the Southern, and the Mobile & Ohio and the Alabama Great Southern?

A. Yes, sir.

Q. And south, at Gulfport, your connection was with the Louisville & Nashville? You had no other means then of distributing or sending lumber to interior markets, had you?

A. No, unless we handled it through Gulfport and by water.

Q. I understand, but when were you first able to make use of the harbor?

A. It was about 1902. Practically, no, that was the only connections we had.

Q. In other words, you didn't have any shipping facilities at Gulfport until after the completion of the road to Jackson?

A. Yes, sir.

Q. Well, during that period, between 1897 and 1900, your road got three and four cents for its share of the through rate?

A. Yes, sir.

Q. Now, you say that when this advance was made, in 1903, you had your choice between charging your local rates to Jackson or Hattiesburg, as the case might be, and then the shippers of lumber would have been compelled to pay your local rates, plus the through rate of the other roads from those points, or from Gulfport by the Louisville & Nashville, which would practically have put them out of business. What about the effect upon your own line if you had undertaken such a policy?

A. What hurts our shippers hurts the railroad.

Q. Of course, if your shippers were put out of business your railroad would be put out of business?

A. Yes, no doubt but that we would have suffered by it.

Q. You wouldn't have even gotten the three or four cents you got before?

A. Up to the time our harbor was opened, no. There was certain territory; we could have shipped into New Orleans a little for an outlet.

Q. Mr. Hale, isn't it a matter of fact that the management of your road was strongly averse to that increase at that time, and didn't you so inform shippers on your line, that it was done in spite of you, that you couldn't help it?

A. I will say yes.

Q. Have you since joined the Southeastern Mississippi Valley Association?

A. Yes, sir.

Q. Were you ever informed by the traffic department of the Illinois Central Railroad that even if you should attempt a reduction of your rate, that they would not permit it to become effective?

A. I know of no such notice for the reason that I was not in charge of the traffic department when those rates were advanced.

Q. Well, subsequent to that time, since the Commission acted in this case, are you aware of any such declaration on the part of the traffic department of the Illinois Central Railroad?

A No, sir.

By Mr. Miller, for complainant:

I will state, the reason for asking the question was, I was informed by one of your representatives that it would not be possible for the Gulf & Ship Island to make a reduction that would be effective on through traffic on lumber. I do not intend this as a matter of evidence, but merely to explain why I asked the question.

Q. If you had shrunk your proportion, then the shippers on your line would have had that much advantage over the shippers on the Illinois Central proper, south of Jackson, wouldn't they?

A. We never could have gotten the shipments through, I don't think.

Q. You couldn't have?

A. I don't think so.

Q. Why, Mr. Hale?

A. It is only an inference of mine, but I would think, if we didn't charge our full proportions up to Jackson, that the Illinois Central would have absorbed the undercharge. It is customary amongst railroads to absorb an undercharge and they handle the through rate from the territory to the destination, regardless of whether it is on the Gulf & Ship Island or Mississippi Central or any other road, the through rate from this territory down here that we are speaking of, Mississippi territory to Chicago is 26 cents; when the shipment gets up to Chicago, they will collect the 26 cents regardless of whether anybody else has charged less or not, the through rate is protected.

Q. Isn't that because they want to hold up the rate on their own shippers?

A. I couldn't tell you what the cause is.

Q. Does the Gulf & Ship Island Railroad make any allowance to its feeders, if it has any, out of the through rate which reduces its proportion to Jackson?

A. I know, in an indirect way from conversation with our traffic people, that we accept, we take business which is competi-

tive to us, off the Mississippi Central territory, the Mississippi Central Railroad, the Mobile, Jackson & Kansas City. Now we don't take the Mississippi Central at present; we take the Mobile, Jackson & Kansas City business and we haul it to Jackson for less than what we get on our own business.

Q. Do you recollect what that is?

A. My recollection is that we haul that business to Jackson for 3 cents a hundred.

Q. That is a small proportion of the traffic you actually handle, though, isn't it?

A. Yes, sir.

Q. How many feeders of that sort have you? Just two, I believe?

A. Well, at the present time we get some lumber from the Mobile, Jackson & Kansas City, but I don't think we get it from the Mississippi Central now.

Q. There was a time for awhile that you made what was called a tap-line allowance to some of your shippers who had logging roads or logging rights, was there not?

A. I would say yes, we did, at competitive points, I think. My recollection is that we did.

Q. For a short time you allowed Eastman & Gardner something like 2 cents a hundred, didn't you? Along about 1901?

A. I don't know when the date was, but I think that that is correct.

Q. And the Newman Lumber Company, didn't you allow them a division?

A. My impression is that we did.

Q. I suppose that was on the milling-in-transit principle, wasn't it?

A. I don't recall now. I suppose it was. I don't recall what the cause of it was.

Q. The lumber was manufactured at Junction points?

A. Yes, sir.

Q. In all three of those cases?

A. Two cases.

Q. Camp & Hinton also?

A. I don't think so.

Q. Well, during that period, the Newman Lumber Company was a very large shipper, wasn't it?

A. Yes, sir.

Q. You never bought their road?

A. No, sir.

Q. Do you know whether the Newman Lumber Company still gets any division of the through rates on lumber manufactured at or near Hattiesburg from logs hauled in over their road?

A. I couldn't say.

Q. Well, if the practice has ceased, do you know when it ceased, of making any allowance?

A. On lumber that is manufactured at Hattiesburg?

Q. Yes.

A. I could't tell you anything about it, sir?

Q. They have established a mill in the interior also, haven't they?

A. Yes, sir, I believe two.

Q. Mr. Hale, I think you only gave the number of cars approximately and the number of feet absolutely that went out via Gulfport, not all of it, however, being brought into Gulfport by the railroad. Have you got the quantity shipped during the same years by your rail connections?

A. No, sir; but I think you can get that data perhaps out of the report, my impression is that it will show.

Q. If the reports don't show it, will you be kind enough to make up a statement showing that for the same period, and mark it for identification and send one copy to me to be used as evidence in this case as a part of your testimony, and one copy to Judge Baxter?

A. I couldn't give the number of feet. I can give the number of cars and you can average the weight, which would simplify it a good deal.

Q. Very well.

A. To points north of the Ohio River, etc.?

Q. All of it?

A. I have here, to points on or north of the Ohio River: In 1902, 22,799 cars; 1903, 22,441 cars; 1904, 15,850 cars; 1905, 21,118 cars.

Q. Are you able to show the distribution of that, as between the Illinois Central and other lines?

A. No, sir. I can tell you about what the division is.

Q. I would rather have that accurately if you can make a statement.

A. Give you what proportion was delivered to our three connections?

Q. Yes, sir.

A. Very well.

Q. Just mark it for identification to be used as a part of your testimony and send one copy to me and one to Judge Baxter.

A. I will do so.

Q. Of all this lumber that went through the port of Gulfport, did not a very considerable quantity come from mills on Pearl River and Jordan River and elsewhere near the Mississippi coast?

A. Yes, sir.

Q. Are you able to state now approximately what proportion of lumber came by water to Gulfport?

A. More than half.

Q. From the figures in the statement?

A. More than half.

Q. You cannot give the coastwise movement, can you?

A. No, sir, I wouldn't know, because a shipment might come down there and we not know where it went to.

Q. That is all arranged by the ship brokers, isn't it, and mill men?

A. Yes, sir.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Is there any explanation to the testimony which you have given, or any additions which you desire to make, if so, state that?

A. With reference to those last figures in regard to the movement of cars from this territory to points on and north of the Ohio River for the four years from 1902 to 1905, I would like to say something in regard to that.

In 1902 and 1903, where each year is shown as twenty-two thousand cars: There was a very large movement into St. Louis, an abnormal movement into St. Louis. And again, at that time we were receiving a great deal of lumber from the Mississippi Central Railroad, the railroad that runs west out of Hattiesburg, which caused our number of cars for those years to appear abnormally large. In 1904 and 1905, the Mississippi Central saw it was to their advantage, or deemed it to their advantage, to turn their business over to some other railroad, to other railroads than the Gulf & Ship Island Railroad, and it brought about a reduction in our forwarding, making a drop from twenty-two thousand in 1903 to 1904 of nearly seven thousand cars. They diverted their business. And again, in 1904 and 1905, the lumber which had gone to St. Louis, the buildings had been wrecked and all that lumber was thrown on the market, which cut off the demand to a certain extent for lumber from this territory.

Now, there is something else that I would like to state in regard to the tonnage and the business of the Gulf & Ship Island Railroad. It is shown that from seventy to seventy-five per cent (70 to 75 %), say, of the business, the revenue of the Gulf & Ship Island Railroad, is derived from lumber. Of the remaining 25 per cent fully two-thirds, or ninety per cent (90 %) of the revenue of the Gulf & Ship Island Railroad is derived from the lumber business. To illustrate that, a mill starts up at Quincy; immediately they go in, all their supplies, their machinery, their laborers, their grain and their thousands of things come in. The mill goes into operation, and there is a continual supply of feed, commissary goods to supply all the operatives of that mill. In five or ten years, after that goes on right al ng, the lumber is cut out, the mill is abandoned, the people have moved away, there is nobody to get on or off at that spot, that business is absolutely obliterated just as much as if you would throw a dollar into the river, it has gone out of sight, there is nothing more of it. While that mill is in operation, the passenger travel going to and from the mill by lumber people and the operatives, etc., is considerable; all that is suspended. So, in a word, when the lumber is cut off the Gulf and Ship Island Railroad, it is a fair presumption that 90 per cent of the business is gone; and this is the view of it taken by the people, the business and moneyed people of the country, because the people from whom the Gulf & Ship Island Railroad got money on their bonds required that every year $50,000 of bonds shall be bought up and retired, because the principal on which they have got their security is dwindling all the time. And that is one of the reasons why it is equitable for a logging road to have a large per ton per mile revenue, because it has a transitory existence, they are just taking of their cream.

RECROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. I want to ask you a question there: If it is not a fact that a very large number of towns of considerable size have sprung up along the line of the Gulf & Ship Island Railroad since its completion to Jackson, many of which do not rely on the lumber traffic, on the lumber mills?

A. No.

Q. Isn't it a fact that a large number of towns have sprung up on the line between Hattiesburg and Jackson?

A. Yes, sir.

Q. Well, isn't that a very, or rather, populous country, and isn't agriculture pursued very advantageously?

A. Comparatively, no. Our reports, which you will have on file here, will show you the proportion of our business, of our revenue, of our tonnage, which is derived from the handling of cotton, which for these three years will average about 1½ per cent. These towns that you refer to, their mainstay is the lumber, is the saw mill. You start from one end of the line to the other and you will see where the increases have been, you will find that it has been the lumber mill all the time, and lumber operations.

Q. Do you know anything about a very rosy book, supposed to have been issued under the auspices of the Gulf & Ship Island Railroad, and circulated pretty freely at or about the time its last bond issue was being put on the market, and which contained a statement to the effect that as fast as the country was denuded of timber, that agriculture or the products of agriculture took its place and furnished abundant business? Do you know anything about that book?

A. I know a book was issued by the parties who were selling the bonds, in which they described the country in most glowing terms in order to sell their bonds. The Gulf & Ship Island Railroad was really not responsible for the article. Our reports, which are on file with you, will show how true their statements are.

Q. Mr. Hale, does your annual report show the retirement of $50,000 dollars of bonds per annum, or is it a sinking fund created for that purpose?

A. My impression is it does not show it, that is my recollection from having read it. But I know from what I have been told by our President, according to the agreement between the fiscal agents and the railroad, that the $50,000 of bonds have to be retired each fiscal year, unless the bonds are bringing a market value of over 110, in which event they don't have to be bought up, but if they can be bought up for 110 or under, they have to be bought up and put into the hands of the trustees.

Q. You don't know from what source the money comes to make those purchases?

A. I suppose it has got to come from the net income.

Q. A question I may have asked you about Mr. Hale: Do you know the maximum tonnage of trains that was deemed safe to haul over the Gulf & Ship Island road between Hattiesburg and Jackson from 1900 on?

A. The maximum tonnage of trains hauled from 1901 to date?

Q. 1900.

A. From 1900?

Q. The maximum tonnage hauled in trains?

A. No, it would only be an estimate or a guess if I were to say.

Q. Well, as a railroad man, do you know whether or not they were considerably below the average on railroads?

A. I couldn't say.

Q. Well, you do know that they haul much heavier trains now than they did four years ago, don't you?

A. I would say yes; heavier locomotives and track in better condition.

Further this deponent saith not.

(The signature of the witness is waived.)

L. Green, the next witness introduced, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants.

Q. You have heretofore testified in this case before the Interstate Commerce Commission, have you not, Mr. Green?

A. Yes, sir, and also before Judge Niles, in the Federal Court.

Q. When was the testimony, taken before the Commission in this case, finally closed?

A. February 15–19, 1904.

Q. At Washington?

A. At Washington, yes, sir.

Q. State what changes, if any, have occurred since the last testimony was taken before the Commission in this case, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond?

A. The advance of 2 cents a hundred pounds to points on and north of the Ohio River in rates on lumber from Mississippi, etc., took effect on April 15, 1903. Prior to that time there had been great activity in the lumber market in that section, prices were high and demand very strong, largely due to the fact that the railroads were heavy purchasers of structural timber and other lumber for their own use. The demand for lumber in the building trade was also very good and the prices high. Those conditions continued until some time during the last half of 1903, when the movement began to diminish because of the fact that the railoads had retired from the market for cars, our company, for instance, having bought only 703 freight cars, in the entire year 1903, and due to other depressing conditions; probably owing to the approaching Presidential election and some uncertainty as to the outcome of that, and stringency in the financial market which curtailed operations generally; those conditions continued through the first half of 1904. On June 29, 1904, the secretary of the Southern Lumber Manufacturers' Association, at St. Louis, sent out a circular letter addressed to members and manufacturers, stating that "as a result of the interchange of information regarding the condition of stocks and the steady accumulations since January 1, members and manufacturers representing over 75 per cent of the output in the States of Missouri, Arkansas, Texas, Louisiana, Mississippi and Alabama have decided to reduce their running time at saw mills at least 33⅓ per cent, beginning July 1. It is believed if those who

have not yet decided to reduce running time will cooperate, the deplorable conditions now prevailing will soon be relieved."

These conditions naturally resulted in a curtailment of the movement. The action on the part of the mill owners, beginning on July 1, 1904, reducing their output one-third, of course, affected the movement. Prices were also somewhat affected, and in February, 1904, a reduction of prices was made, the prices then adopted being lower than they had been for a considerable period before that, and lower certainly as to some classes of lumber than they had been since March, 1901. This low scale of prices, however, was temporary, and they began again to advance in August, 1904. I have a statement, marked Exhibit No. 1, which gives a comparison of prices on yellow pine lumber at points north of the Ohio River taking a rate of 23 cents, that prevailed in January, 1904, prior to the reduction; in February, 1904, when the reduction was made; in August, 1904, when the prices began to advance, and in February, 1906—that is, the present prices. This statement shows that in January, 1904, the price of "A Edge Grain Flooring" was $29 per thousand feet. In February it had been reduced to $26. It was the same in August. But at the present time it is $35.50, an advance of $9.50 per thousand feet since February, 1904.

"A Flat Grain Flooring," worth $21 in January, 1904, reduced to $19.50 in February, 1904, and advanced to $20.50 in August, 1904, and is now $29.50, an increase of $10 as compared with February, 1904. The entire list was not advanced in August, 1904, but has been advanced subsequent to that time, as I will hereafter show.

Now, as showing the reasons for the improved conditions since the short period of depression, between February and August, 1904, I previously stated that the Southern Railway ordered only 703 freight cars in the entire year of 1903. We ordered none

the first half of 1904, but from June 1, 1904, to June 1, 1905, the Southern Railway ordered 10,503 new freight cars. And since June 1, 1905, to date we have placed additional orders for 11,806 new freight cars. Other railroads in the country have placed large orders for freight car equipment and practically every car works in the country is now running full time and is behind with its orders. Therefore, the existing conditions with respect to the lumber traffic to points on and north of the Ohio River are substantially different from those existing in February, 1904, in that the demand is very much greater and the prices are very much higher.

Q. When the Southern Railway made the advance of 2 cents per hundred pounds in the lumber rates which took effect April 15, 1903, did it at that time contemplate or foresee that it and the other railroads would curtail the number of cars purchased or constructed by them, as was afterwards done?

A. It did not. As a matter of fact, the advance that was made on April 15, 1903, was intended to go into effect March 1, 1903, and was the result of consideration given as to the conditions surrounding the lumber traffic in December, 1902, and January, 1903, long before these conditions arose subsequent to April 15, 1903.

Q. Were any similar curtailments made by the important trunk lines north of the Ohio River about the same time that the Southern railways began to curtail their expenses as far as they could?

A. It is my information that the railroads generally, and particularly in the East and North, called a halt in their expenditures for improvement, for new equipment, because of some apprehension as to the disturbance of the money market and a possible curtailment of business.

Q. Was it not understood, Mr. Green, that the fact that the railroad companies all over the country began to curtail their expenses after this advance was made, was due to the Presidential election?

A. I think that unquestionably had a very important bearing on the question affecting the minds of the railroad management, as in the East.

Q. Was it confined to the railroads of the country or did it extend to other business enterprises?

A. I think it affected all financial enterprises and all building operations generally.

Q. After the Presidential election was over, did the revival of prosperity begin?

A. Yes, sir, I think confidence was restored even before the Presidential election was held, and that the revival began in advance of that time.

Q. State the official prices of yellow pine as compiled by the newspaper known as The American Lumberman, from the records of the Southern Lumber Manufacturers' Association, based upon rate upon lumber of twenty-three (23) cents per hundred pounds upon each of the classes of lumber, for each of the months from February, 1904, to February, 1906, and if you have that in tabulated form you can file it, if you please, as an exhibit to your testimony.

A. I will file same as Exhibit No. 2 to my testimony. It shows not only the prices during the period named, but the amount of the advance since February, 1904, and the number of advances on each class of lumber, and that an average of $6.08 per thousand feet, or thirty-two (32 %) per cent advance has been made since February, 1904.

Q. State what the newspaper known as The American Lumberman professes to publish in regard to yellow pine prices, whether or not its publications are regarded as reliable and authoritative by those interested in the lumber traffic?

A. The American Lumberman is a reliable lumber trade journal and generally accepted as an authority with respect to market conditions and prices of lumber throughout the country.

Q. State how many advances have been made by the Southern Lumber Manufacturers' Association in the prices of yellow pine lumber since February, 1904?

A. That is shown in my Exhibit No. 2.

Q. Can you state succinctly how many there are?

A. Well, sir, they vary as to the classes of lumber.

Q. Well, take any one class?

A. Well, they range from four advances on three of the sizes, to as many as nine on one of the sizes named in The American Lumberman's schedule.

Q. State how many advances, if any, have been made in the rates on lumber from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond, since February, 1904?

A. There have been no advances in rates on lumber from the section referred to since that time.

Q. Have there been any made since April 15, 1903?

A. No, sir.

Q. Have you caused to be correctly compiled a statement showing the movement of yellow pine lumber via the lines of the Southern Railway during the calendar years 1902, 1903, 1904 and 1905, from points in Georgia and Florida, and also from points in Alabama and Mississippi and Eastern Louisiana to points on or north of the Ohio River; if so, please file the same as an exhibit to your testimony and explain what said exhibit indicates?

A. I would like to file such statement, Mr. Baxter, as Exhibit No. 3, but I cannot do it at the moment because there is a gap in the information. I thought I had the whole thing here.

By Mr. Miller, for complainant:

There is no objection to that. Just mark it for identification and send me a copy and send one copy to the stenographer to be made part of your testimony.

By Mr. Baxter, for defendants:

Q. State whether or not the prices of yellow pine lumber used by the Southern Railway have increased or decreased, and within what periods, and what such increases or decreases have amounted to for said period?

A. The prices for yellow pine lumber used by the Southern Railway are substantially higher now than in February, 1904: indeed, they are higher now than ever heretofore. The average cost of pine lumber purchased by the Southern Railway for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. For the corresponding period of 1905, the average cost was $16.52 per thousand feet, an increase of $3.69 per thousand feet, or 28.8 per cent. The total cost to the Southern Railway of yellow pine lumber purchased during the last half of 1905 was $290,179.83. The same lumber purchased at the

average price paid during the same period in 1904 would have cost $225,290.44, an increase in the expense of operation to the Southern Railway in the item of pine lumber alone of $64,889.39 for six months, or $129,778.78 per annum. The average price paid by the Southern Railway for yellow pine lumber for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. The average price paid during December, 1905, was $18.06 per thousand feet. The prices paid now are not less than in December, 1905. Therefore, the present price represents an increase of not less than $5.23 per thousand feet, or 40.8 per cent as compared with the last half of 1904. The future purchases by the Southern Railway of yellow pine lumber will not be in less proportions than heretofore. The purchases for the six months ending with December, 1905, amounted to 17,559,660 feet, which, at an increase of $5.23 per thousand feet, based on present prices, would cost $128,370.22 more than at the average cost per thousand feet which was paid during the last half of 1904; in other words, on the basis of present prices, the operating expenses of the Southern Railway, in the item of yellow pine lumber alone, is increased $256.740.44 per annum by the increase in the price of yellow pine which it now has to pay as compared with the average price paid in the last half of 1904. These figures, however, do not fully represent the enormous increases that have taken place in the prices of yellow pine lumber during recent years. The average price paid by the Southern Railway for yellow pine lumber in the calender year:

1898..... .....was $ 9.70 per thousand feet.
1899. ..... was 10.43 per thousand feet.
1900. ....was 11.71 per thousand feet.
1901..... .....was 12.13 per thousand feet.
1902.....was 13.64 per thousand feet.

The average price in December, 1905, was $18.06 per thousand feet. It is not less at this time. This represents an increase

over the average price paid in 1898 of $8.36 per thousand feet, or 86.2 per cent. And this increase applied to the purchases during the last half of 1905 would have represented an increased cost to the Southern Railway for its yellow pine lumber of $147,798.75, or $295,597.50 per annum, which is not an exaggerated statement of the present and future increased cost of operation to the Southern Railway for its pine lumber alone.

But this is not all. I have made a statement, which I will file as Exhibit No. 4, which contains a comparison of prices of yellow pine lumber at points on and north of the Ohio River in February, 1898, with a freight rate of 22 cents, with prices prevailing in February, 1906, with a freight rate of 23 cents. In considering these figures due allowance should be made for the difference of 1 cent per hundred pounds in the freight rate, which represents a maximum of 45 cents per thousand feet. This statement shows increases in the prices of various grades of yellow pine lumber ranging from $5.25 per thousand feet, which is the smallest increase, to $22 per thousand feet, which is the maximum increase.

Q. State whether or not the advance of 2 cents per hundred pounds, from Mississippi territory, complained of in this case, applied to any points south of the Ohio River, and if so, to what points?

A. Yes, sir, to quite a number of them, notably: Lexington, Ky.; Nashville, Tenn.; Memphis, Tenn.; Burgin, Campbellsburg, Carlisle, Chilesburg, Elkton, Eminence, Erlanger, Falmouth, Frankfort, Georgetown, Hopkinsville, Junction City, Lancaster, Midway, Millersburg, Mount Vernon, Nicholasville, Paris, Pleasureville, Richmond, Russellville, Shelbyville, Stanford, Versailles, Walton, Winchester, Williamsburg, Yarnalltown and other points.

Q. What increase, if any, has there been in the prices of materials used by the Southern Railway other than lumber and in wages paid to employes since February, 1904?

A. There have been substantial increases in the prices of material other than lumber and in wages paid to employes. I would like the privilege of submitting details as to that in an Exhibit, No. 5. I have not all the figures, but will supply them and file it.

(It is agreed by counsel that this may be done, the paper marked for identification and filed with the stenographer as an exhibit.)

Q. Have you caused a careful inquiry to be made from reliable lumber dealers in Atlanta, Ga., as to the prices of various kinds of lumber, yellow pine lumber, during the months of October, 1902, 1903 and 1904, and each succeeding month from October, 1904, to June, 1905, inclusive, and have you caused to be carefully compiled a statement showing the results of such inquiry? If so, file it as an exhibit to your testimony and explain what it indicates?

A. I have such a statement, which I file as Exhibit No. 6. It shows a comparison of prices in Atlanta of various kinds of yellow pine lumber in October, 1902, 1903, 1904, and in each month subsequent to October, 1904, to June, 1905, inclusive. This statement shows substantial increases in the prices of all kinds of lumber during that period.

Q. State whether any advance was made in the lumber rates to Atlanta corresponding with the 2-cent advance in lumber rates complained of in this case?

A. There was not.

Q. If you have not with your original testimony filed copies of the Articles of Association of the Southeastern Mississippi Valley Association and the Southeastern Freight Association now in force, please do so now?

A. My recollection is that I filed the Articles of Association of the Southeastern Mississippi Valley Association with the Commission on the hearing at New Orleans in this case, and that the Articles of Association of the Southeastern Freight Association were filed in the Atlanta hearing in the Tift case. I don't think they have gone into this case. However, I have copies here of each, which I mark as Exhibits Nos. 7 and 8 respectively.

Q. Explain why it is that the proportion of the through rates involved in this case allowed to the originating roads are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River or other ultimate destinations?

A. The originating lines in the lumber territory are, generally speaking, short lines, dependent entirely, or to a very large extent at least, on the lumber traffic. In other words, they have practically no other resources. It is customary generally in the division of rates on traffic, which one line may originate locally —that is, at purely local stations, or in the divisions of rates destined to the purely local stations of a carrier—to allow such line what is called its local rate. The proportions allowed the lumber roads in the division of through rates are not as great as their local rates, but the allowance of a greater proportion per mile is a recognition of the general principle which pertains in the division of rates to and from local points, and of the additional fact that the lumber traffic is practically all that the originating road has to sustain it.

Q. It is said in the report and opinion in this case that "lumber is a low-class traffic (class 6 in both the Southern and Official Classification), much below the average classification." Is it true that lumber is in class 6 in both the Southern and the Official Classifications, and is it true that class 6 is below the average classification?

A. It is true that lumber is rated at sixth class in both the Southern and Official Classification. That, however, is what might be termed a "paper rate" because it is rarely, if ever, applied to a carload shipment of lumber. Lumber moves almost entirely at special class rates provided for it or at commodity rates, which are made without regard to the rating in the classification. The rates actually applied to the lumber traffic are very much lower than the sixth class rates, as evidence of which, I submit Exhibit No. 9, which compares the existing lumber rates from representative points in Alabama, Mississippi, East Louisiana to representative lumber receiving points on and north of the Ohio River, with the existing sixth class rates between the same points. Sixth class is probably less than the average of the thirteen numbered and lettered classes usually called merchandise classes. Sixth class is not below the average of all class rates, and is very much above the average of rates applied generally to classes and commodities, and as lumber is almost invariably handled on a commodity basis, any comparison made of the lumber rates should be on commodity rates and not with merchandise classes which move, as a rule, in less than carloads.

Q. Does the Exhibit No. 9, which you have filed, contain a comparison between the commodity rates on lumber, which are in controversy in this case, and rates on sixth class traffic between the same points?

A. Yes, sir.

CROSS EXAMINATION.

By Mr. Miller for complainant:

Q. Mr. Green, have you with you copies of the annual reports made by the management of the Southern Railway to its stockholders for the years ending June 30, 1904, and June 30, 1905?

A. I have with me only a copy of our last annual report for the year ending June 30, 1905. I don't know whether I could obtain the other or not.

Q. Well, will you please file that in evidence, to be marked Exhibit No. 10?

A. Yes, sir, and I will be very glad to furnish the other if you think it is needed.

Q. Yes, sir; will you kindly send to me, to be marked Exhibit No. 11 for identification, a copy of the previous report, to be used as a part of your testimony in this case, sending a similar copy to Judge Baxter?

A. Yes, sir.

Q. I will ask you, Mr. Green, if you have made a comparison of the prices paid by the Southern Railway with the prices quoted from The American Lumberman or Southern Lumber Manufacturers' Association, to determine whether or not the variations and increases are substantially the same?

A. I have not, sir. The comparison that I have made will speak for itself. I have given both the prices of one and the prices of the other. Really, it did not occur to me to make that kind of an analysis.

Q. You don't know, then, and you have not examined to see whether there has been an actual difference?

A. Oh, yes, I should say, speaking from memory of the figures as I have just gone over them, that the prices paid by the Southern Railway are lower than—that is, the average price is lower than the average prices of this statement quoted from the Lumberman's Association, that the increase has perhaps been a little less to us than to territory north of the river.

Q. Subject, of course, to analysis?

A. Oh, yes, sir; certainly.

Q. Mr. Green, as a matter of fact, have the gross and net earnings of the Southern Railway increased since 1903?

A. Both the gross and the net?

Q. Yes, sir. I am not talking about proportions.

A. I understand. You mean, has there been an actual increase in the net and gross earnings of the Southern Railway since 1903?

Q. Yes, sir.

A. Yes, sir. I can give you the figures if you like.

Q. If you please?

A. Shall I read the figures in?

Q. Yes, sir.

A. For the year ending June 30, 1903: Average mileage, 7,129.39 miles; gross earnings, $42,354,060; net earnings, $11,364,920.

For the year ended June 30, 1904: 7,164.39 miles (an increase of thirty-five miles); gross earnings, $45,109,777; net earnings, $11,994,310.

For the year ended June 30, 1905: 7,198.99 miles; gross earnings, $48,145,108; net earnings, $13,062,593.

Q. Mr. Green, in the Ninth Annual Report of the Southern Railway to its stockholders this statement occurred, as I remember: "While the gross earnings increase is large, if equipment, yard and shop facilities had been equal to the demand upon them; if the traffic had been handled under normal instead of congested conditions, the results would have been much improved. It is confidently believed that with the improvements now in progress much better operation results will be obtained." Has that prediction been verified?

A. Not entirely. The business of the country has been increasing right along since that time, and while we have improved our service and increased our equipment, our motive power and terminal facilities, and have obtained some benefit in the question of operation from those increases, we have a very large amount of work yet to do. What we expected at that time would be adequate equipment did not begin to meet the demands. As I have already stated, we have, since last June, ordered 11,000 cars, and I don't suppose anybody anticipated when that Ninth Annual Report was made that we would require such a large addition to the equipment. We have not accomplished the results that it was believed at that time would be accomplished. We have partially done so.

Q. As a matter of fact, owing to the enormous offerings of business in 1902, there was congestion and great difficulty in handling it, wasn't there?

A. Well, sir, there were many causes of that, so far as the Southern Railway was concerned, Mr. Miller. I suppose the Southern occupies a peculiar position with respect to the handling of its business. The company was organized on the 1st of July, 1894, and it came into possession of a lot of properties that were poorly equipped, that were run down in every respect, and almost beginning with its organization the expansion of business began, so that our difficulties were very much greater in taking care of the increased business than were those of the old lines that had been under good management for many years and had been kept up and improved and prepared to meet the increased business.

Q. Well, the prospective, growing and increasing business over your road justified or necessitated this enlarged equipment that you have spoken of, did it not, in the way of cars?

A. Yes, sir, otherwise, of course, we would not have increased the equipment.

Q. Of course, you wouldn't have bought all those cars just for glory?

A. And I want to say in this connection, there was no part of the Southern Railway system that was built for the purpose for which it is now being used. It was all built originally as local lines; it is a big aggregation now of short lines that were not intended for the purpose for which the public demands of them now. For that reason, if for no other, we have had to spend large sums for improvement and for additional equipment to take care of the lines.

Q. Is the mileage that you have spoken of all the property of the Southern Railway, or is part of it leased lines?

A. A part of it is leased. I spoke of the operated lines. Part of the lines that we operate are leased lines. For instance, we have the North Carolina Railroad, which belongs to the State of North Carolina, leased to us for ninety-nine years. The details of all that is shown in the annual report.

Q. Can you state what leased mileage you have?

A. Our leased mileage, Mr. Miller, is 813.30 miles. Now that does not include trackage rights.

Q. Well, trackage rights, what?

A. We have trackage rights amounting to 461.97 miles.

Q. Well, does the leased mileage and the trackage figure in the 7,198.99 miles operated?

A. Yes, sir, that all figures. That was the average mileage operated for the year.

Q. Well, are those long leases, this 813.30 miles, is that a long lease, or are they long leases?

A. I couldn't tell you exactly, sir. I think I am safe in saying, however, that every one of them is.

Q. About how many years, do you know? Just your general understanding of it?

A. Well, certainly the most important ones are leased for a period of ninety-nine years. Some of them have been running for a good many years, I don't know how long. The North Carolina Railroad, which belongs to the State of North Carolina, 224 miles of that, was leased for a long period of time.

Q. That is a ninety-nine year lease, isn't it?

A. I think so. The same way with the Atlanta & Charlotte Air Line; it is the next largest factor.

Q. Does that report show the amount paid for trackage, for leases or for rent?

A. I think so; yes, sir. In the balance sheet I think that is all set forth.

Further this deponent saith not.

(The signature of the witness is waived.)

T. F. Steele, the next witness, being first duly sworn, deposed as follows.

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Steele, you testified in this case heretofore before the Commission, did you not?

A. Yes, sir.

Q. You filed with your testimony before the Commission Exhibit No. 2, which was a statement showing, by months, January to October inclusive, 1902 and 1903, shipments of lumber via the New Orleans & Northeastern and the Alabama & Vicksburg, from Mississippi and Eastern Louisiana points, to points on and north of the Ohio River, including points east of the Mississippi River and west of the Buffalo-Pittsburg line. Have you, for the purpose of comparing the movement to the same territory of

destination, caused to be correctly compiled a statement showing the movement via the New Orleans & Northeastern and the Alabama & Vicksburg Railways, during the years 1902, 1903, 1904 and 1905? If so, please file said statement as exhibit No. 1 to your testimony and state briefly what it shows?

A. I have prepared such a statement and will now file it as Exhibit No. 1, and will furnish complainant's counsel with two copies of same, at his request.

Q. Are there any particular remarks that you want to make on that Exhibit No. 1, or does it speak for itself?

A. No, sir; it does not show the actual conditions so far as the movement via the New Orleans & Northeastern Railroad was concerned on account of the scarcity of equipment.

Q. Have you any explanation to make as to the conditions surrounding the movement of lumber traffic by the New Orleans & Northeastern Railroad and the Alabama & Vicksburg, in connection with the matter of car supply?

A. Since October 1, 1905, the New Orleans & Northeastern road has not had sufficient equipment to move all of the lumber offered. There is no way, of course, to get at the actual movement as it would have been had we had sufficient cars, but I know that we could and would have handled at least 2,000 additional cars within those three months had we been able to furnish the equipment. The Alabama & Vicksburg were short of cars—that is, in the months of October, November and December, 1905, the Alabama & Vicksburg was also short of equipment—but the decrease as shown in the movement from that line is accounted for principally by the fact that the lumber is exhausted.

The Alabama & Vicksburg can hardly be called any more a lumber-producing road. The timber extends not very much on to the Alabama & Vicksburg line; it is an old line and it has all been cut out, what there was. There are some few mills there yet, but they get less and less each year.

Q. Did the New Orleans and Northeastern Railroad or the Alabama & Vicksburg Railway receive any part of the 2-cent advance in rates on lumber complained of in this case?

A. Probably sixty per cent (60 %) of the lumber shipped to points north of the Ohio River goes by the Mobile & Ohio Railroad to Cairo, and on this lumber the New Orleans & Northeastern Railroad and Alabama & Vicksburg Railway received no increase in their proportion. Now they also received on shipments which went via the Alabama Great Southern Railroad to Indiana and as far east as all points in that State, 6 cents per hundred pounds prior to this increase of 2 cents in the lumber rate. There was no change in the divisions of the New Orleans & Northeastern or Alabama & Vicksburg by the Alabama Great Southern to that territory. The Alabama Great Southern has always allowed us 6 cents to points in Indiana. We gave them no business to points in Illinois or any other points west of Indiana, so that to all points on and west of the Indiana-Ohio line the New Orleans & Northeastern and the Alabama & Vicksburg have always received 6 cents and there has been no change. That leaves the State of Ohio, which on business forwarded via the Mobile & Ohio to Cairo, the New Orleans & Northeastern would receive 6 cents per hundred pounds. Now, on such business as went to points east of the Indiana line via the Alabama Great Southern, the New Orleans & Northeastern and Alabama & Vicksburg received 5 cents per hundred pounds up to this increase in the rate; we also received 5 cents on such business

as we sent there via the Southern, which was practically nothing. Only when a Southern car was loaded, happened to be loaded to that territory. After the advance, the Alabama & Vicksburg and the New Orleans & Northeastern received 6 cents per hundred pounds to the points east of the Indiana line. The Southern Railway did not increase its proportion at the time of the advance, but it was the 23d of September, 1903, or nearly six months afterwards that they finally agreed, in order to meet the competition of the Alabama Great Southern and Mobile & Ohio, to allow us this 6 cents. The Alabama Great Southern, you understand, increased its proportion from 5 to 6 cents to that territory more to meet the divisions allowed by the Mobile & Ohio than in consequence of any change in the rate. In other words, we had 6 cents to all that territory by the Mobile & Ohio Railroad, and it influenced the business that way. These other roads, to secure it, had to advance their divisions, and while the question of rates on lumber was being considered generally, these divisions were also taken up and they met the competition of the Mobile & Ohio.

Q. Then, if I understand you, the increase that your roads received in their divisions on the through rates in September, 1903, had nothing to do with the advance that was made in April, 1903? Is that correct?

A. Mr. Baxter, that is a fact, but if just put that way plainly, it looks like it was not a fact, because it came up at the same time. As I said, we were receiving this 6 cents to all this territory by the Mobile & Ohio anyway and could have sent all our lumber that way. Now, these other lines, when this advance came up—of course, we are always looking for a question of fair divisions—and I take it that all these roads asked was if they would not meet the Mobile & Ohio divisions allowed us, and the

Southern, after some five or nearly six months correspondence, agreed to it. The Alabama Great Southern did it at once. They saw the justice of our demand, and then they saw the competition of the Mobile & Ohio Railroad. On a rough estimate, I would say that our increase that we received from the Alabama Great Southern and Southern Railway, of 1 cent, was not on more than 15 per cent of the lumber handled.

Q. It was a mere change as to the road by which you were allowed the division. In other words, previous to that time you got the division of 6 cents from the Mobile & Ohio?

A. Yes, sir, and had always had it.

Q. And these two lines that were competing with the Mobile & Ohio gave you the same division as the Mobile & Ohio had been giving you all the time?

A. Yes, sir.

Q. State the published rates on classes 1 to F inclusive, from Hattiesburg, Miss., to Cairo, Ill.?

A. It would be well to state the distance, wouldn't it? As a matter of convenience?

Q. Yes.

A. The distance is 443 miles, and the rates are:

1st Class	$1.03 per 100 lbs.
2d Class	.89 per 100 lbs.
3d Class	.75 per 100 lbs.
4th Class	.63 per 100 lbs.
5th Class	.51 per 100 lbs.

6th Class	.43 per 100 lbs.
Class A	.36 per 100 lbs.
Class B	.325 per 100 lbs.
Class C	.34 per 100 lbs.
Class D (carloads)	.25 per 100 lbs.
Class D (less than carloads)	.30 per 100 lbs.
Class E	.41 per 100 lbs.
Class F (carloads)	.55 per barrel.
Class F (less than carloads)	.68 per barrel.
Class H	.62 per 100 lbs.

Q. Now, I wish you would state, in this connection, what the rates on lumber, complained of in this case, are from Hattiesburg to Cairo, per hundred pounds?

A. I think that is sixteen (16) cents. I thought the others had given that evidence and I didn't look it up.

Q. Well, it is in the record?

A. It is shown in the record. Sixteen cents, is my recollection.

Q. The Commission, in commenting upon the disproportion in revenue accruing to the originating roads for a comparatively short haul, and the revenue accruing to the trunk lines north of Jackson and Meridian, etc., states: "That the remedy for the unreasonably low proportions accruing to the trunk lines is not by an advance in the rate."

If 2 cents per hundred pounds should be subtracted from your proportions of all the lumber business to Ohio River points and beyond, on which the New Orleans & Northeastern receives 6 cents, please give an estimate of what the loss in revenue

to your companies per annum would be, on the basis of the actual movement for the years 1902, 1903, 1904 and 1905?

A. The losses would amount to, for:

1902	$94,451
1903	90,759
1904	53,568
1905	59,613

Q. State what effect, if any, said deductions would have upon the New Orleans & Northeastern Railroad from a financial standpoint?

A. As the New Orleans & Northeastern Railroad only paid dividends in two years, it would have prevented them from paying any dividends for the two years that they did pay them.

Q. State what dividends the New Orleans & Northeastern Railroad has paid from 1889 to 1903, inclusive?

A. The New Orleans & Northeastern paid no dividends from 1889 to 1903, inclusive. For the fiscal year 1903–4, it paid a three per cent (3 %) dividend, $180,000; 1904–5 it paid the same dividend.

Q. State the deficits and surpluses of the New Orleans & Northeastern Railroad from 1889 to 1905, inclusive?

A.

1889-1890—Deficit	$ 15,147 59
1890-1891—Deficit	94,393 95
1891-1892—Deficit	90,352 57
1892-1893—Deficit	137,867 13
1893-1894—Deficit	144,598 15
1894-1895—Deficit	137,961 72

1895-1896—Deficit	11,113 72
1896-1897—Deficit	79,536 46
1897-1898—Surplus	41 18
1898-1899—Surplus	11,176 59
1899-1900—Surplus	139,411 27
1900-1901—Surplus	90,546 96
1901-1902—Surplus	193,044 85
1902-1903—Surplus	253,809 38
1903-1904—Surplus	74,752 38
1904-1905—Surplus	84,123 53

Q. Explain what you mean by the terms "Deficit" and "Surplus?"

A. I don't know that I am able to do that, Mr. Baxter. As I understand it, the deficit as shown would mean that the road didn't pay its fixed charges by that amount. And by the surplus, I would understand it meant the amount over and above its fixed charges and whatever dividend was paid on the stock.

Q. You have already stated what dividends were paid by the company?

A. Yes, sir, I have stated the dividends.

Q. State what changes, if any, have occurred since the last testimony was taken before the Commission in this case, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective on April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond.

A. There has been an increase in all material, in all wages of clerks, train men and all employes; there has been an increase

in the prices which the railroad companies have had to pay for lumber, in some grades more than $10 a thousand, which is equal to 38 cents per hundred pounds or more, in the price of lumber.

Q. By what per cent have the prices of yellow pine lumber used by the New Orleans & Northeastern Railroad increased since 1903?

A. I will have to get that information later. That is what I have asked our Mr. Jones for.

(It is agreed that the witness may procure the data in the form of a statement, mark it for identification and send copies to counsel for complainant and defendants, the same to be used as a part of the testimony of the witness.)

Q. Will you furnish Gen. Miller two copies?

A. Yes, sir; I will send you two copies also.

Q. What increase has there been, if any, in the prices of materials other than lumber and in the wages paid to employes on the New Orleans & Northeastern since February 1, 1904?

A. I will have to include that, that is included in the other also, and our auditor has not made it up yet.

By Mr. Miller, for complainant:

Just mark those two papers for identification, to be used as a part of your evidence, sending two copies to me and one to Judge Baxter?

A. I will do so.

By Mr. Baxter, for defendants:

Q. State what rates the New Orleans & Northeastern Railroad receives on lumber shipped to or through New Orleans?

A. It receives, on interstate business, rates varying from 5 cents to 8½ cents per hundred pounds.

Q. Do you know what the average would be?

A. Well, I show that in answer to the next question pretty conclusively. I want to say there, that lumber is shipped quite extensively through New Orleans. Some of it is loaded on barges at our wharf, and only recently, we have had three cargoes to go from points on our line to Pittsburg by way of barge on the Mississippi and Ohio Rivers. It is also loaded in sailing vessels to go coastwise to Maine points, Boston and northeastern coast points. And then, of course, there is the general movement of export business. The regular tariff rates apply on all that.

Q. What do you get on the export buisness and coastwise business?

A. Get from 5 to 8½ cents per hundred pounds. Formerly our export rates were 1 cent per hundred pounds less than the rates to New Orleans proper. Prior to this advance of 2 cents per hundred pounds, our line, that is, the New Orleans & Northeastern, and I think the other lines in that territory, cut out their export rate and simply made a flat local rate apply to New Orleans, whether to be used there or shipped to some other point, or shipped for export, being of the opinion that the price of lumber justified it. That advance was made prior to this 2 cents per hundred pounds.

Q. Explain the origin of the proportion of 6 cents which the

New Orleans & Northeastern receives from the Mobile & Ohio Railroad; state whether the question of divisions in any wise affects the through rate?

A. Originally, on all shipments from the New Orleans & Northeastern Railroad, moving by the Mobile & Ohio, the through rates were fixed, the same from all points; that is, from Slidell, a distance of 168 miles from Meridian, the same as from Arundel, four miles from Meridian.

Q. You mean south of Meridian?

A. South of Meridian, both of them. Now, the same rates apply to Ohio River points and points in the Central Traffic Association territory, from Slidell and from Arundel. The New Orleans & Northeastern, on shipments from Slidell, 168 miles, would get its local distance tariff rate, amounting to about 7½, possibly 8½ cents per hundred pounds, and from Arundel they would get 3¾ or 4 cents. The result was, each agent had to have separate billing, separate divisions to bill the freight at, and it was decided by the Mobile & Ohio and the New Orleans & Northeastern, as a matter of convenience, after examining the records to see what the average on all of its lumber had been of earnings by the New Orleans & Northeastern, and it was found to be 6 cents, it was decided to make a blanket proportion of 6 cents per hundred pounds to apply, whether the haul was four miles or a hundred and sixty-eight miles, and in that way the New Orleans & Northeastern received its same earnings and the Mobile & Ohio received its same earnings, and it had nothing to do on earth with the through rate.

Q. Has the lumber on the lines of the New Orleans & Northeastern been exhausted yet?

A. No, sir.

Q. Has it on the Alabama & Vicksburg Railway?

A. It is practically exhausted. The lumber belt does not extend, the timber does not extend up to the Alabama & Vicksburg except in little, small patches; it never got up that high. There is no lumber up on the Southern Railway across the State there. The lumber, or the good lumber, probably commences sixty miles south of the Alabama & Vicksburg, I should say, is where the best lumber is, getting better on down for a hundred and twenty-five miles.

Q. At the present rate of cutting, what is the period within which the lumber in the best territory of Mississippi and Louisiana will be exhausted?

A. The lumber interests in the last few years have gotten into very much stronger hands. There are not so many little owners as there used to be, and the big ones—the Goodyear interests, for example, and such as they—control it in large quantities, and it would seem to me that they will dole the lumber out and hold it for a good many years to come.

Q. But if they were to continue to cut at the rate at which they have heretofore cut, how long would the lumber supply last?

A. I couldn't make an estimate on that, Judge Baxter. The Alabama & Vicksburg is practically not a lumber-carrying road any longer. These little mills still cut a little, but not to amount to anything.

Could I make a statement that I don't think has ever been made in connection with this? When it was proposed to advance

the rate on lumber a conference was had to see what was thought about it. I recall several conferences with Mr. George Gardner and Mr. J. H. Hinton, two of the most prominent men in this Central Yellow Pine Association. I stated to both of them that we had considered the matter very carefully, and I believed the New Orleans & Northeastern, with the possible exception of the Gulf & Ship Island, was in better position to judge impartially whether or not an advance was fair than any other road, for the reason that we did not expect to get any part of the advance, but that I believed that the lines beyond were entitled to some more revenue than they were receiving, a minimum in some cases of 5 cents per hundred pounds, to Cairo, a distance of three hundred and fifty-seven (357) miles. And it was at one of these conferences that Mr. Gardner requested, and I took up at his request, the postponement of the date effective of that rate, having ascertained from our transportation department that they thought they could move the supply on hand within that period.

By Mr. Miller, for complainant:

So much of this statement as relates to an opinion affecting the other roads is objected to by complainant as irrelevant and incompetent.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Can you furnish at this time, for the same years, a similar statement as covered in your answer regarding the deficit and surplus of the New Orleans & Northeastern, as to the Alabama & Vicksburg?

A. I cannot furnish what that 2-cent deduction would be from the Alabama & Vicksburg. You do not want that, though, do you?

Q. I don't want that. I am only asking for the surplus and deficit?

A. Alabama & Vicksburg Railway:

1889-1890—Surplus	$54,061 32
1890-1891—Surplus	11,689 23
1891-1892—Surplus	329 30
1892-1893—Deficit	37,076 12
1893-1894—Surplus	1,260 61
1994-1895—Deficit	20,050 54
1895-1896—Surplus	35,147 79
1896-1897—Surplus	39,981 36
1897-1898—Surplus	45,386 91
1898-1899—Surplus	34,365 99
1899-1900—Surplus	35,401 49
1900-1901—Surplus	56,955 77
1901-1902—Surplus	83,258 52
1902-1903—Surplus	98,313 33
1903-1904—Deficit	17,350 32
1904-1905—Surplus	50,330 02

Q. Those figures come to June 30, do they?

A. Yes, sir, it is for the fiscal years.

Q. Fiscal year ending June 30; is that right?

A. Fiscal years ending June 30, yes, sir. Now, of those amounts, twenty thousand dollars ($20,000) per annum is appli-

cable, under the terms of the first mortgage, to the sinking fund provided therein. I don't know what that is. This is taken from our records.

Q. Do you know what dividends have been paid by the Alabama & Vicksburg? Have you any record of that?

A. I think I have:

1889-1890	Nil
1890-1891	$21,000
1891-1892	21,000
1892-1893	21,000
1893-1894	Nil
1894-1895	Nil
1895-1896	Nil
1896-1897	$21,000
1897-1898	35,000
1898-1899	35,000
1899-1900	35,000
1900-1901	63,000
1901-1902	63,000
1902-1903	63,000
1903-1904	94,500
1904-1905	73,500

Q. I notice your largest surplus on the New Orleans & Northeastern was $253,089.38 in 1902-1903. That was due, I suppose, to an abnormal lumber movement, wasn't it, Mr. Steele?

A. Well, the movement in 1902-1903 was good, General, as all other business was except coal. In 1900-1901 and 1901-1902, we were moving quite a quantity of coal to New Orleans. In 1902-1903 and 1903-1904 and 1904-1905 this movement by our line had practically ceased.

Q. What is the average rate per ton per mile on all traffic by the New Orleans & Northeastern?

A. I haven't those figures here.

Q. Do the annual reports show them?

A. Yes, sir; the annual reports show them.

Q. Will you be kind enough to furnish, and mark for identification, two copies of the annual reports of the New Orleans & Northeastern, and the Alabama & Vicksburg, for the years ending June 30, 1904, and June 30, 1905, to be used as a part of your testimony in this case?

A. I will.

Q. Does that report show, or can you state, the average rate per ton per mile that the New Orleans & Northeastern receives for lumber?

A. It would not show it.

Q. Can you state it yourself?

A. No, I could not.

Q. What other commodity takes a lower rate than lumber, except coal?

A. I should say fertilizer probably averages as little as lumber, and sand and gravel.

Q. Do you mean commercial fertilizers?

A. Yes, sir.

Q. Do you know the value of commercial fertilizers—market value?

A. Oh, in a rough way—somewhere about $22 or $23 a ton, I should say.

Q. Do the shippers load and the consignees unload fertilizer?

A. Yes, sir.

Q. Is there any traffic, Mr. Steele, that you know of that is handled with greater facility by railroads than yellow pine lumber?

A. There are a good many commodities, General, that I should say should be about on the same basis. Anything loaded in barrels is easier to handle than lumber; fertilizer in sacks is easier to handle than some classes of lumber.

Q. I am talking about handling by the railroad itself, not by the shippers and consignees?

A. Well, I shouldn't think there was practically any difference in handling carload merchandise or carload lumber, so far as coupling the engine to it and hauling the cars.

Q. Well, for all operating conditions, has any species of traffic any advantage over lumber?

A. Well, coal in gondola cars has an advantage, I should say, for prompt unloading.

Q. I am not going into matters that we have already gone into. Do you know anything about those branch lines of the

Gulf & Ship Island; for instance, from Maxey to Columbia, and from Laurel to Saratoga?

A. In what respect? I have never been over them.

Q. Do you know whether they are up to what are called standard railroads?

A. I believe in Mississippi the Commission grades railroads first, second and third class, don't it?

Q. I think so.

A. And it depends on how they are equipped and roadbed is kept up. I shouldn't say that those lines would grade No. 1.

Q. Do you recollect whether the New Orleans & Northeastern Railroad sold any of its old rails, I believe they call them "relaying rails" to the Gulf & Ship Island?

A. I don't remember.

Q. Or to junk dealers who subsequently sold them to the Gulf & Ship Island?

A. I don't know anything about that.

Q. Do you know anything about a sale to Joseph Bros., of Cincinnati, of a large quantity of rails which you laid aside when you equipped your road with new rails?

A. No, sir, I do not.

Q. Do you say that that differential on export lumber taken to New Orleans was removed before the advance was made to central traffic territory?

A. Yes, sir.

Q. How long before?

A. I think it was probably a year, may be a year and a half. I am not clear as to the exact date of that.

Mr. Steele, did not your road, at one time, make an allowance of the through rate to the various logging roads on the line?

A. Yes, sir; at various times from 1897 to 1901.

Q. Do you remember why it was discontinued?

A. There were so many reasons, Gen. Miller. We were constantly having complaints from some of the smaller lines that we did not allow them in proportion. We made it apply on standard gauge of ten miles or over.

Q. Similar to the Arkansas roads?

A. That is not altogether on the Arkansas lines. They say that is about their rule, but then they vary it.

Q. Well, is it not a fact, Mr. Steele, that the Illinois Central Railroad persisted in its endeavors to cause the New Orleans & Northeastern to discontinue that practice?

A. Well, we had conferences and correspondence from all the lines, Gen. Miller. I believe it was the consensus of opinion that it should be discontinued. As a matter of fact, I should say that we were very glad to get somebody to help us let go of it.

Q. Still, I would like to have that question answered directly, Mr. Steele, if the Illinois Central Railroad especially did not exert itself to induce the New Orleans & Northeastern to discontinue the practice of allowing tap-line divisions?

A. I shouldn't say that the Illinois Central exerted itself any more than all the lines in that section.

Q. Didn't the Illinois Central Railroad make some threats against the New Orleans & Northeastern to induce it to discontinue its practice?

A. I should say no to that.

Q. You don't recall that?

A. Not the threats.

Q. Have you not made that statement, Mr. Steele?

A. No, sir.

Q. To some of your customers?

A. No, sir. I know what you refer to.

Q. What do I refer to?

A. And if they said that I said it was a threat they construed it willfully and wrongly. The Illinois Central Railroad stated very frankly and very plainly that they did not see how they could avoid paying a tap-line proportion on their lines if it was being given on both sides of them, in Arkansas and by our line on the east, and if they paid it, they didn't see how they could restrict it to any number of miles—that is, seven or ten, or thirty or twenty-five. And after several conferences the tap-line proportion was abolished.

Q. Conferences with the Illinois Central people?

A. No, all of the lines.

Q. Well, what did they say they would do if the practice were continued on your line?

A. Mr. Hudson stated that he didn't see how, with the tap-line proportion being paid on the east of him by our line and by the Gulf & Ship Island, and on the west of him by the Arkansas Southern, how he could keep from paying it on his line and if they did, they didn't feel that they could restrict it to any mileage. I think that is just what I said a minute ago.

Q. In other words, his proposition was to go further than you had gone in your arrangement, wasn't that it?

A. Well, he made no proposition. He said that was the condition and he simply wanted us to consider it.

Q. Mr. Steele, during all these years that you have testified about, isn't it true that very great improvements have been made in the New Orleans & Northeastern especially, and to some extent, to a less extent, in the Alabama & Vicksburg, in respect to the elimination of curves andgrades, and in respect to the roadbed, track, etc.?

A. The New Orleans & Northeastern Railroad has been ballasted, and of necessity, some of the old rails relaid, but I don't believe there has been any attempt to take out the curves or reduce the grades.

Q. Do you know what is the train capacity of the New Orleans & Northeastern?

A. I think I have got some figures showing the amount. Just what it averaged for some certain year. I have got them at the hotel. I can furnish them very easily for you.

Q. I would like to ask you while I think about it, what was the so-called tap-line division made to roads of ten miles or over on the New Orleans & Northeastern while that practice was in vogue?

A. What do you mean by what was it?

Q. The amount?

A. Two cents.

Q. Did that apply during the time that the 14-cent rate was in effect to Cairo?

A. Yes, it applied up to the time that Mr. Gardner sold his road. He sold his road directly after that was discontinued.

Q. Do you know how the train capacity of the New Orleans & Northeastern compares with that of the Illinois Central south of Cairo?

A. No, sir, I do not.

Q. That road is practically double tracked, isn't it, from Memphis to New Orleans?

A. They have a very large percentage of double track, I don't know just what it is. The Guide shows.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. State the termini of the Alabama & Vicksburg Railway and of the New Orleans & Northeastern Railroad?

A. The termini of the Alabama & Vicksburg Railway are Meridian, Mississippi, and Vicksburg, Mississippi. Of the New Orleans & Northeastern Railroad are Meridian, Mississippi, and New Orleans, Louisiana.

Further this deponent saith not.

(The signature of the witness is waived.)

EXHIBITS

STATEMENT OF MOVEMENT OF
MOUNDS, IL,

FROM	TO	Jan.		Feb.		March		Ap	
		1904	1905	1904	1905	1904	1905	1904	0
Alabama	Various	13	.....	6	1	8	20	7	1
	East St. Louis	.....	.....	.....	.....	.....	.....	.....	
	Chicago	6	.....	1	.....	.....	.....	2	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		19	.....	7	1	8	20	9	1
Florida	Various	.....	1	.....	.....	.....	.....	.....	
	East St. Louis	.....	.....	.....	.....	.....	.....	.....	
	Chicago	.....	.....	.....	.....	.....	.....	.....	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		.....	1	.....	.....	.....	.....	.....	
Georgia	Various	8	5	.....	1	7	10	17	1
	East St. Louis	.....	.....	.....	.....	.....	.....	1	
	Chicago	2	5	.....	7	2	4	4	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		10	10	.....	7	9	14	22	1
Louisiana East of Mississippi River.	Various	80	113	125	57	93	126	115	3
	East St. Louis	3	1	5	1	.....	5	1	
	Chicago	8	25	1	21	3	32	6	2
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		91	139	131	79	96	163	122	6
Mississippi	Various	770	883	436	854	1216	1235	1130	0
	East St. Louis	75	142	21	97	141	170	84	5
	Chicago	123	126	23	169	121	248	129	2
	Peoria	9	.....	1	.....	20	.....	11	
	Decatur	2	.....	.....	.....	1	.....	.....	
Total		979	1151	481	1120	1499	1653	1354	5
Grand Total		1099	1301	609	1207	1612	1850	1507	6
Incr'se 1905 over 1904		.....	302	.....	598	.....	238	.....	1

...PINE LUMBER (SHOWN IN CARLOADS) THROUGH CAIRO AND ...
..., FOR YEAR 1905, COMPARED WITH 1904.

	May		June		July		Aug.		Sept.		Oct.		Nov.		Dec.		Totals		1905	
...05	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1094	1905	1904	1905	Inc.	Dec.
7 13	12	9	7	6	20	10	10	6	4	3	7	2	6	5	3	1	102	75	...	.....
...	.....	4	.....	.....	.....	1	.....	.....	.....	1	.....	.....	.....	2	.....	1	.....	9	.....	... ...
2 ...	7	9	3	7	.....	6	.....	4	.....	5	.....	6	.....	5	5	3	24	45	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....	.....	.....	.....	.....	....	1	.....	.....
... 3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4	.....	.. ..		4	3	.....	.. ....
9 16	19	22	10	13	20	17	10	10	4	10	7	8	10	12	8	5	130	133	3	.....
...	.....	4	1	2	.....	.....	1	1	1	.....	.....	.....	.....	.....	.....	.....	3	7	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....	1	1	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	4	2	2	.....	.....	1	1	1	.....	.....	.....	.....	1	.....	.....	4	8	4	.....
7 10	28	10	11	3	11	9	3	1	10	4	3	2	5	3	6	9	109	67	.....	.....
1 2	.....	.....	1	.....	.....	.....	1	.....	.....	6	.....	2	.....	5	.....	3	3	18	.....	.....
4 2	9	2	18	.....	2	11	4	.....	4	10	.....	10	9	13	5	5	59	69	.....	.....
...	.....	.....	.....	.....	.....	.....	1	.....	.....	1	.....	1	.....	1	.....	.....	1	3	.....	.....
...	.....	.....	.. ..	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....		.....	.....	.....	.. ....
2 14	37	12	30	3	13	20	9	1	14	21	3	15	14	22	11	17	172	157	.....	15
5 35	107	149	83	138	136	108	121	111	134	109	135	140	100	110	115	128	1344	1424	.....	.....
1	1	3	.....	7	.....	10	2	22	.....	16	2	10	3	5	2	5	19	85	..	.....
6 27	2	21	6	7	2	55	2	63	2	52	8	62	15	39	7	30	62	434	.....	.. ....
...	.....	.....	.....	.....	.....	1	.....	2	.....	4	.....	1	.....	2	.....	2	....	12	.....	.....
...	.....	.....	.....	.....	....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....
2 62	110	173	89	152	138	175	125	198	136	181	145	213	118	156	124	165	1425	1956	531	.....
1087	1240	1382	1298	1250	972	1185	1087	1214	1182	1090	1167	1354	916	1501	812	1189	12226	14224	.....	.....
4 155	89	179	83	132	9	261	68	288	80	256	96	285	98	265	102	180	946	2410	.....	.....
9 216	166	202	114	147	92	367	114	397	156	309	182	238	163	256	145	309	1528	2984	.....	.....
1 ...	14	.....	16	.....	18	32	30	40	17	20	17	15	.....	15	.....	15	153	137	.....	.....
.....	.....	.....	.....	.....	....	9	.....	2	.....	5	.....	.....	.....	3	.....	.....	3	19	.....	.....
4158	1509	1763	1511	1529	1091	1853	1299	1941	1435	680	1462	1892	1177	2040	1059	1693	14856	19774	4918	.....
7 1650	1675	1774	1642	1699	1262	2065	1443	2151	1589	1892	1617	2130	1319	2229	1202	1880	16587	22028	.....	.....
... 149	.....	299	.....	57	....	803	.....	708	.....	303	.....	513	.....	850	.....	678	.....	5441	5441	.....

(The signature of the witness is waived.)

C. B. COMPTON, EXHIBIT No. 1.

STATEMENT SHOWING THE PRICES PER THOUSAND FEET OF YELLOW PINE LUMBER PREVAILING AT MONTGOMERY, ALA., OF THE DESCRIPTION AND DIMENSIONS SHOWN, FOR THE MONTHS OF OCTOBER, 1901, OCTOBER, 1902, OCTOBER, 1903, OCTOBER, 1904, AND JUNE, 1905.

Per 1,000 Feet.

Description	Dimensions	
Flooring Edge, Grain A, 13-16x3¼.		
October, 1901		$21 00
October, 1902		20 50
October, 1903		20 00
October, 1904		21 00
June, 1905		25 00
Flooring Edge, Grain B, 13-16x3¼.		
October, 1901		$19 00
October, 1902		18 50
October, 1903		18 00
October, 1904		19 00
June, 1905		23 00
Flooring Flat, Grain A, 13-16x3¼.		
October, 1901		$16 50
October, 1902		16 00
October, 1903		15 50
October, 1904		16 50
June, 1905		20 50

Flooring Flat, Grain B, 13-16x3¼.

October, 1901	$15 50
October, 1902	15 00
October, 1903	14 50
October, 1904	15 50
June, 1905	19 50

Flooring No. 1 Common, 13-16x3¼.

October, 1901	$14 00
October, 1902	13 50
October, 1903	13 00
October, 1904	14 00
June, 1905	18 00

Flooring No. 2 Common, 13-16x3¼.

October, 1901	$10 00
October, 1902	9 50
October, 1903	9 00
October, 1904	9 00
June, 1905	11 25

Partition A, 13-16x¾ or 5¼.

October, 1901	$16 00
October, 1902	15 50
October, 1903	15 00
October, 1904	18 00
June, 1905	21 00

Bevel Siding A, 1-inch Stock.

October, 1901	$12 00
October, 1902	12 00
October, 1903	12 00
October, 1904	11 00
June, 1905	14 00

Bevel Siding A, 1¼-inch Stock.

October, 1901	$13 00
October, 1902	13 00
October, 1903	13 00
October, 1904	12 00
June, 1905	15 00

Drop Siding A, 13-16x3¼ or 5¼.

October, 1901	$17 00
October, 1902	16 50
October, 1903	16 00
October, 1904	16 00
June, 1905	20 00

Finishing S 2-S 1st and 2d Clear, 1x12.

October, 1901	$20 00
October, 1902	19 50
October, 1903	19 00
October, 1904	21 00
June, 1905	25 00

Common Boards, 1x12 No. 1.

October, 1901	$13 00
October, 1902	12 50
October, 1903	12 00
October, 1904	12 00
June, 1905	15 00

Common Boards, 1x12 No. 2.

October, 1901	$10 50
October, 1902	10 00
October, 1903	9 50
October, 1904	10 00
June, 1905	12 00

Shiplap or D & M 16 feet, 1x12 No. 1.

October, 1901	$13 00
October, 1902	12 50
October, 1903	12 00
October, 1904	14 00
June, 1905	15 00

Fencing 16 feet, Size 1x6 No. 1.

October, 1901	$13 50
October, 1902	13 00
October, 1903	13 00
October, 1904	12 00
June, 1905	14 00

Fencing 16 feet, 1x6 No. 2.

October, 1901	$10 50
October, 1902	10 00
October, 1903	10 00
October, 1904	9 00
June, 1905	11 00

Dimensions S I S 1E 16 feet, 2x4.

October, 1901	$ 9 50
October, 1902	9 50
October, 1903	9 50
October, 1904	10 00
June, 1905	10 50

No. 2 Dimensions 16 feet, 2x4 S E Rough.

October, 1901	$ 9 00
October, 1902	9 00
October, 1903	9 00
October, 1904	9 50
June, 1905	10 00

Heavy Joists S I S 1E 16 feet, 3x6 and 3x8.

October, 1901	$ 9 50
October, 1902	9 50
October, 1903	9 50
October, 1904	10 00
June, 1905	10 50

Timbers 16 feet, 4x4 and 4x6 S & E.

October, 1901	$ 9 00
October, 1902	9 00
October, 1903	9 00
October, 1904	9 50
June, 1905	10 00

LUMBER FOR CARS.

Flooring, 2¼x8x9, Grade 4.

October, 1901	$12 00
October, 1902	12 00
October, 1903	12 00
October, 1904	13 00
June, 1905	14 00

Siding, 1x4x9 and 18, Grade No. 5 (KD), Rough.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	15 00
June, 1905	16 00

Roofing, 1x6x10 and 15, Grade 6 (KD), not used.

Side Boards, 2½x10x36, No. 4.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Side Boards, 2½x12-36, No. 4.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	15 00
June, 1905	16 00

Box Car Sills, 5½x9½x36, No. 3.

October, 1901	$13 00
October, 1902	13 00
October, 1903	13 00
October, 1904	15 00
June, 1905	16 00

Gondola Sills, 5¼x13¾x36, No. 3.

October, 1901	$16 00
October, 1902	16 00
October, 1903	16 00
October, 1904	17 00
June, 1905	17 50

LUMBER FOR BRIDGES.

Guide Rails, 5x9x18, 4x9x18, Heart.

October, 1901	$10 00
October, 1902	10 00
October, 1903	10 00
October, 1904	11 00
June, 1905	12 00

Stringers, 8x16x28 to 30 feet.

October, 1901	$22 50
October, 1902	22 50
October, 1903	22 50
October, 1904	22 50
June, 1905	22 50

LUMBER FOR TRESTLES.

Guide Rails, 5x9x18.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Stringers, 8x16x24 to 30 feet, 9x18x30.

October, 1901	$22 50
October, 1902	22 50
October, 1903	22 50
October, 1904	22 50
June, 1905	22 50

Bolsters, 8x17x4.

October, 1901	$18 00
October, 1902	18 00
October, 1903	18 00
October, 1904	19 00
June, 1905	20 00

Taps, 12x14x12.

October, 1901	$20 00
October, 1902	20 00
October, 1903	20 00
October, 1904	21 00
June, 1905	21 00

Taps, 12x12x12.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	14 50
June, 1905	15 00

Legs, 12x12x12, 30 feet.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	14 50
June, 1905	15 00

Piles—9 or 10 inches at small end; 30 to 95 feet long.
Not used.

Bracing—2½x10x20 to 30 feet;
4x9x20 to 30 feet.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Sills, 12x12x15 to 30 feet.

October, 1901	15 00
October, 1902	15 00
October, 1903	15 00
October, 1904	15 00
June, 1905	15 00

C. B. COMPTON EXHIBIT No. 2.

NASHVILLE MARKET.

FLOORING.

Heart Face, Edge Grain A.

	13-16x3¼	13-16x5¼
October, 1901	$32 75	.....
October, 1902	34 75	.....
October, 1903	35 75	.....
October, 1904	37 75	.....
May, 1905	40 25	.....

Edge Grain A.

October, 1901	$25 75	.....
October, 1902	27 75	.....
October, 1903	27 75	.....
October, 1904	26 75	.....
May, 1905	29 25	.....

Edge Grain B.

October, 1901	$23 75	.....
October, 1902	25 25	.....
October, 1903	24 25	.....
October, 1904	24 75	.....
May, 1905	27 25	.....

Edge Grain C.

October, 1901	$19 25	.....
October, 1902	20 75	.....
October, 1903	19 75	.....
October, 1904	19 75	.....
May, 1905	22 25	.....

Flat Grain A.

	13-16x3¼	13-16x5¼
October, 1901	$19 25	$20 25
October, 1902	20 75	21 75
October, 1903	19 75	20 75
October, 1904	20 75	21 75
May, 1905	23 25	24 25

Flat Grain B.

October, 1901	$18 25	$19 25
October, 1902	19 75	20 75
October, 1903	18 75	19 75
October, 1904	19 75	20 75
May, 1905	22 25	23 25

No. 1 Common.

October, 1901	$15 75	$16 25
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	19 25	20 25

No. 2 Common.

October, 1901	$12 75	$13 25
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	14 75	16 75

CEILING BEADED.

3/8x3 1/4 or 5 1/4.

	A	B	No. 1, Common
October, 1901	$13 50	$11 50	$10 00
October, 1902	15 00	13 00	11 50
October, 1903	14 50	12 50	11 00
October, 1904	14 50	13 50	12 00
May, 1905	15 50	14 50	13 00

1/2x3 1/4 or 5 1/4.

October, 1901	$16 25	$15 25	$12 00
October, 1902	17 75	16 75	13 50
October, 1903	17 25	16 25	13 00
October, 1904	17 75	16 75	14 25
May, 1905	19 25	18 25	15 75

5/8x3 1/4 or 5 1/4.

October, 1901	$18 00	$17 00	$13 25
October, 1902	19 50	18 50	14 75
October, 1903	19 00	18 00	14 25
October, 1904	19 50	18 50	15 00
May, 1905	21 50	20 50	17 00

3/4x3 1/4 or 5 1/4.

October, 1901	$19 00	$18 00	$15 25
October, 1902	20 50	19 50	16 75
October, 1903	20 00	19 00	16 25
October, 1904	20 50	19 50	17 00
May, 1905	23 00	22 00	19 50

Partition.

$\frac{3}{4}$x3$\frac{1}{4}$ or 5-14.

	A	B	No. 1, Common
October, 1901	$20 25	$19 75	$17 25
October, 1902	21 75	21 25	18 75
October, 1903	21 25	20 75	18 25
October, 1904	22 25	21 25	18 25
May, 1905	25 75	24 75	21 75

Bevel Siding.

From 1-inch stock.

October, 1901	$13 00	$12 00	$11 00
October, 1902	14 50	13 50	12 50
October, 1903	14 00	13 00	12 00
October, 1904	14 00	13 00	12 00
May, 1905	16 00	15 00	14 00

From 1$\frac{1}{4}$-inch stock.

October, 1901	$15 00	$14 50	$13 50
October, 1902	16 50	16 00	15 00
October, 1903	16 00	15 50	14 50
October, 1904	17 00	16 50	15 50
May, 1905	19 00	18 50	17 50

Drop Siding.

$\frac{3}{4}$x3$\frac{1}{4}$x5$\frac{1}{4}$.

October, 1901	$20 25	$19 75	$16 75
October, 1902	21 75	21 25	18 25
October, 1903	21 25	20 75	17 75
October, 1904	21 75	21 25	18 75
May, 1905	23 75	23 25	20 75

FINISHING—2 S.

1x4-inch S 2 S 13-16.

	1st & 2d Clear	3d Clear
October, 1901	$21 00	$18 00
October, 1902	24 00	21 00
October, 1903	22 50	19 50
October, 1904	24 00	22 00
May, 1905	29 00	27 00

1x6-inch S 2 S 13-16.

October, 1901	$22 50	$19 50
October, 1902	27 50	24 50
October, 1903	26 00	23 00
October, 1904	24 00	22 00
May, 1905	31 50	29 50

1x5, 8 and 10-inch S 2 S 13-16.

October, 1901	$24 50	$21 50
October, 1902	27 50	24 50
October, 1903	26 00	23 00
October, 1904	26 00	24 00
May, 1905	.....	.....

1x12-inch S 2 S 13-16.

October, 1901	$26 50	$23 50
October, 1902	29 50	26 50
October, 1903	28 00	25 00
October, 1904	28 00	26 00
May, 1905	.....	.....

FINISHING—S 2 S.

1¼x4, 6, 8 and 10-inch S 2 S 1 3-32.

	1st & 2d Clear	3d Clear
October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

1¼x12-inch S 2 S 1 3-32.

October, 1901	$27 75	$24 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	27 25
May, 1905	34 75	32 75

1½x4, 6, 8 and 10-inch S 2 S 1 11-32.

October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

1½x12-inch S 2 S 1 11-32.

October, 1901	$27 75	$24 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	27 25
May, 1905	34 75	32 75

Finishing—S 2 S.

2x4 and 2x6-inch S 2 S 1¾.

	1st & 2d Clear	3d Clear
October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

2x8 and 2x10-inch S 2 S 1¾.

October, 1901	$28 25	$25 25
October, 1902	31 25	28 25
October, 1903	29 75	26 75
October, 1904	29 75	27 75
May, 1905	35 25	33 25

2x12-inch S 2 S 1¾.

October, 1901	$29 25	$26 25
October, 1902	32 25	29 25
October, 1903	30 75	27 75
October, 1904	30 75	28 75
May, 1905	36 25	34 25

Moulded Casing and Base.

From 4 and 6-inch stock, B M.

	A	B
October, 1901	$27 75	25 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	26 25
May, 1905	34 75	31 75

From 8 and 10-inch stock, B M.

	A	B
October, 1901	28 50	26 50
October, 1902	31 75	28 75
October, 1903	30 25	27 25
October, 1904	30 25	27 25
May, 1905	35 75	32 75

From 1x4 and 6-inch, S 4 S Plain, B M.

October, 1901	$26 00	$24 00
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	.....	.....

DOOR AND WINDOW JAMBS.

From 1x4 and 1x6-inch stock, B M.

	A	B
October, 1901	$28 50	$26 50
October, 1902	31 50	28 50
October, 1903	30 00	27 00
October, 1904	30 00	27 00
May, 1905	35 50	32 50

DOOR AND WINDOW JAMBS.

From 1¼, 1½ and 2-inch stock, B M.

	A	B
October, 1901	$30 25	$28 50
October, 1902	33 50	30 50
October, 1903	32 00	29 00
October, 1904	32 00	29 00
May, 1905	37 50	34 50

Common Boards—S 1 S.

1x8, No. 1.

	10 feet	16 feet	20 feet
October, 1901	$15 00	$14 50	$15 00
October, 1902	16 00	15 50	16 00
October, 1903	16 50	16 00	16 50
October, 1904	16 50	16 00	16 50
May, 1905	17 00	16 50	17 00

1x12, No. 1.

October, 1901	$17 75	$16 50	$17 75
October, 1902	18 75	17 50	18 75
October, 1903	18 75	17 50	18 75
October, 1904	18 75	17 50	18 75
May, 1905	19 25	18 25	19 25

1x8, No. 2.

October, 1901	$13 50	$13 50	$13 50
October, 1902	13 00	13 00	13 00
October, 1903	14 50	14 50	14 50
October, 1904	14 50	14 50	14 50
May, 1905	15 00	15 00	15 00

1x12, No. 2.

October, 1901	$16 25	$14 75	$16 25
October, 1902	15 75	14 25	15 75
October, 1903	16 25	14 25	16 25
October, 1904	16 25	14 75	16 25
May, 1905	16 75	15 75	16 75

SHIPLAP OR D & M.

1x8, No. 1.

	10 feet	16 feet	20 feet
October, 1901	$15 50	$15 00	$15 50
October, 1902	16 50	16 00	16 50
October, 1903	17 00	16 50	17 00
October, 1904	17 00	16 50	17 00
May, 1905	17 50	17 00	17 50

1x12, No. 1.

October, 1901	$18 25	$17 00	$18 25
October, 1902	19 25	18 00	19 25
October, 1903	19 25	18 00	19 25
October, 1904	19 25	18 00	19 25
May, 1905	19 75	18 75	19 75

FENCING—S 1 S.

1x6, No. 1.

October, 1901	$14 50	$15 00	$14 50
October, 1902	15 00	15 50	15 00
October, 1903	16 00	16 50	16 00
October, 1904	15 50	16 00	15 50
May, 1905	16 50	17 00	16 50

1x6, No. 2.

October, 1901	$13 00	$13 50	$13 00
October, 1902	13 00	13 50	13 00
October, 1903	14 50	15 00	14 50
October, 1904	13 50	14 00	13 50
May, 1905	14 00	14 50	14 00

No. 1, Dimension.

2x6 S, 1 S, 1 E.

	10 feet	16 feet	20 feet
October, 1901	$14 00	$13 50	$14 00
October, 1902	14 50	14 00	14 50
October, 1903	15 00	14 50	15 00
October, 1904	14 50	14 00	14 50
May, 1905	15 00	14 50	15 00

2x12, S, 1 S, 1 E.

October, 1901	$15 00	$14 50	$15 00
October, 1902	16 00	15 50	16 00
October, 1903	17 00	16 00	17 00
October, 1904	16 50	15 50	16 50
May, 1905	17 00	16 00	17 00

No. 2, Dimension.

2x4 S and E.

October, 1901	$12 50	$12 00	$12 50
October, 1902	13 50	12 50	13 50
October, 1903	15 00	13 50	15 00
October, 1904	14 50	13 50	14 50
May, 1905	15 50	14 00	15 50

2x12 S and E.

October, 1901	$13 50	$13 00	$13 50
October, 1902	14 00	13 50	14 00
October, 1903	15 50	14 50	15 50
October, 1904	15 00	14 00	15 50
May, 1905	15 50	14 50	15 50

Heavy Joists—S, 1 S, 1 E

3x6 and 3x8.

	10 feet	16 feet	20 feet
October, 1901	$17 00	$16 50	$17 00
October, 1902	17 50	17 00	17 50
October, 1903	18 00	17 50	18 00
October, 1904	18 50	18 00	18 50
May, 1905	19 00	18 50	19 00

2½x14 and 3x14.

October, 1901	$18 50	$17 50	$18 50
October, 1902	19 00	18 00	19 00
October, 1903	19 50	18 50	19 50
October, 1904	20 00	19 00	20 00
May, 1905	20 50	19 50	20 50

Timbers.

4x4 and 4x6, S and E.

October, 1901	$16 75	$16 25	$16 75
October, 1902	17 00	16 50	17 00
October, 1903	17 50	17 00	17 50
October, 1904	18 00	17 50	18 00
May, 1905	.....	.....	.....

4x10 to 12x12, Rgh. or S 4 S.

October, 1901	$18 00	$17 50	$18 00
October, 1902	18 50	18 00	18 50
October, 1903	19 00	18 50	19 00
October, 1904	19 50	19 00	19 50
May, 1905	20 00	19 50	20 00

Wagon Bottoms.

Per set D & M 38-inch face.

	A	B
October, 1901	$0 95	$0 85
October, 1902	1 05	95
October, 1903	1 05	95
October, 1904	1 05	85
May, 1905	1 20	1 10

Battens.

2½ inch plain or O G.

October, 1901	$0 55
October, 1902	55
October, 1903	55
October, 1904	55
May, 1905	55

C. B. COMPTON EXHIBIT No. 3.

STATEMENT SHOWING MOVEMENT OF YELLOW PINE LUMBER VIA L. & N. R. R. FROM PRODUCING POINTS SOUTH OF BIRMINGHAM TO OHIO RIVER POINTS AND BEYOND FOR PERIOD DECEMBER 1, 1902, TO DECEMBER 31, 1905.

	No. Cars	Weight
December, 1902	610	24,946,730
January, 1903	613	25,889,498
February 1903	759	31,389,977
March, 1903	680	29,253,760
April, 1903	784	30,876,579
May, 1903	854	34,255,195
June, 1903	899	36,442,290
July, 1903	835	35,199,145
August, 1903	746	31,390,786
September, 1903	805	33,974,960
October, 1903	882	36,857,700
November, 1903	759	30,614,203
December, 1903	583	23,800,214
Total for 1903.....	9,199	379,944,307
January, 1904	586	24,842,100
February, 1904	719	30,527,498
March, 1904	790	33,996,180
April, 1904	840	34,531,380
May, 1904	792	32,604,880
June, 1904	664	27,817,510
July, 1904	692	29,046,660

	No. Cars	Weight
August, 1904	796	33,920,300
September, 1904	736	30,056,560
October, 1904	806	33,300,250
November, 1904	870	36,065,116
December, 1904	879	37,763,961
Total for 1904	9,170	384,472,395
January, 1905	900	39,170,020
February, 1905	816	35,364,000
March, 1905	1,174	50,318,260
April, 1905	1,056	44,422,280
May, 1905	1,002	40,645,000
June, 1905	949	38,580,650
July, 1905	1,137	46,158,627
August, 1905	1,459	60,319,454
September, 1905	1,291	52,148,328
October, 1905	1,095	45,907,400
November, 1905	1,046	44,462,500
December, 1905	910	38,196,600
Total for 1905	12,835	535,693,119

C. B. COMPTON EXHIBIT No. 4.

CHICAGO MARKET ON YELLOW PINE LUMBER, JANUARY 1, 1891, TO DECEMBER 31, 1905.

1891.

First Quarter.

			Frt. Rate to Chicago from Group 1	
A	$23 00—25 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Second Quarter.

A	$22 00—24 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Third Quarter.

A	$21 00—22 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Fourth Quarter.

A	$21 00—22 00	.....	24c	Nov. 28,
B	15 00—16 00	35 per cent	24c	1891
C	....	.....	24c	

1892.

First Quarter.

A	$21 00—22 00	.....24c	
B	15 00—16 00	.....24c	35 per cent
C	21 50—23 50	.....24c	

Second Quarter.

				Frt. Rate to Chicago from Group 1
A	$18 00	.....	.....24c	
B	14 00	.....	.....24c	39 per cent
C	21 00—23 00	.....	.....24c	

Third Quarter.

A	$17 00—18 00	.....	.....24c	
B	14 00	.....	.....24c	39 per cent
C	21 50	.....	.....24c	

Fourth Quarter.

A	$17 50—18 00	.....	.....24c	
B	14 00—15 00	.....	.....24c	38 per cent
C	20 00—22 00	.....	.....24c	

1893.

First Quarter.

A	$17 50—18 00	.....	.....24c
B	15 00—16 00	35 per cent	.....24c
C	20 00—22 00	.....	.....24c

Second Quarter.

A	$17 50—18 00	.....	.....24c
B	14 00—15 00	33 per cent	.....24c
C	20 00—22 00	.....	.....24c

Third Quarter.

A	$17 50—18 00	.....	.....24c
B	14 00—15 00	38 per cent	.....24c
C	20 00—22 00	.....	.....24c

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$17 00		.....24c
B	13 00—14 00	40 per cent	.....24c
C	20 00—22 00		.....24c

1894.

First Quarter.

A	$16 50—17 00	.....24c		
B	12 00—13 00	.....24c	44	per cent
C	17 50—20 00	.....24c		

Second Quarter.

A	$15 00—16 00	.....22c	May 17, 1894	
B	11 00—12 00	.....22c	44	per cent
C	17 50—20 00	.....22c		

Third Quarter.

A	$16 00	.....22c		
B	12 00—13 00	.....22c	40	per cent
C	17 50—20 00	.....22c		

Fourth Quarter.

A	$16 00	.....22c		
B	12 00—13 00	.....22c	40	per cent
C	17 50—20 00	.....22c		

1895.

First Quarter.

A	$14 00		.....22c
B	11 00—11 50	45 per cent	.....22c
C	16 50—17 00		.....22c

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$14 00—15 00		.....22c
B	11 00—11 50	45 per cent	.....22c
C	15 00—17 00		.....22c

Third Quarter.

A	$14 50—15 50		.....22c
B	11 50—12 50	42 per cent	.....22c
C	15 00—17 00		.....22c

Fourth Quarter.

A	$16 00—16 50		.....22c
B	13 00—14 00	37.5 per cent	.....22c
C	15 75—17 00		.....22c

1896.

First Quarter.

A	$16 00—16 50	.....22c	
B	13 00—14 00	.....22c	37.5 per cent
C	15 75—17 00	.....22c	

Second Quarter.

A	$16 00—16 50	.....22c	
B	13 00—14 00	.....22c	37.5 per cent
C	15 75—17 00	.....22c	

Third Quarter.

A	$12 00	.....22c	
B	10 00	.....22c	50.6 per cent
C	15 50	.....22c	

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$12 00	.....22c	
B	10 00	.....22c	50.6 per cent
C	15 50	.....22c	

1897.

First Quarter.

A	$12 00	.....22c	
B	10 00	50.6 per cent 22c	
C	15 50	.....22c	

Second Quarter.

A	$12 50—13 00	.....22c	
B	10 50—11 00	47 per cent 22c	
C	15 00—15 50	.....22c	

Third Quarter.

A	$12 00	.....22c	
B	10 00	50.6 per cent 22c	
C	14 00—15 00	.....22c	

Fourth Quarter.

A	$14 00	.....22c	
B	12 00	42 per cent 22c	
C	18 00	.....22c	

1898.

First Quarter.

A	$14 00	.....22c	
B	12 00	.....22c	42 per cent
C	18 00	.....22c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$14 00—14 50	..... 22c	
B	12 00—14 00	..... 22c	38.8 per cent
C	17 00—18 00	..... 22c	

Third Quarter.

A	$14 00	..... 22c	
B	12 00	..... 22c	42 per cent
C	17 00—18 00	..... 22c	

Fourth Quarter.

A	$15 00—16 00	..... 22c	
B	12 50—13 00	..... 22c	39 per cent
C	16 00—17 00	..... 22c	

1899.

First Quarter.

A	$15 00—15 50		..... 22c
B	12 50—13 00	39 per cent	..... 22c
C	15 00—17 00		..... 22c

Second Quarter.

A	$16 50—17 00		..... 22c
B	14 00—14 50	35.5 per cent	..... 22c
C	18 00—19 00		..... 22c

Third Quarter.

A	$19 00—20 00		..... 22c
B	16 50—17 00	30 per cent	..... 22c
C	16 00—18 50		..... 22c

Fourth Quarter.

				Frt. Rate to Chicago from Group 1	
A	$20 75—21 75		.....	23c	Sept. 8
B	17 75—18 25	29 per cent	.....	23c	1899
C	18 25—20 75		.....	23c	

1900.

First Quarter.

A	$21 25—22 25	.....	24c	Jan .1, 1900
B	18 25—18 75	.....	24c	30 per cent
C	18 75—21 25	.....	24c	

Second Quarter.

A	$20 25—21 25	.....	24c	
B	17 25—17 75	.....	24c	31 per cent
C	18 75—21 25	.....	24c	

Third Quarter.

A	$18 00—19 00	.....	24c	
B	15 00—15 50	.....	24c	36 per cent
C	17 00—19 50	.....	24c	

Fourth Quarter.

A	$19 00—20 00	.....	24c	
B	16 50—17 00	.....	24c	33 per cent
C	17 00—20 00	.....	24c	

1901.

First Quarter.

A	$19 00—20 00	.....	24c	
B	16 50—17 00	33 per cent	24c	
C	18 50—21 00	.....	24c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$19 50—20 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

Third Quarter.

A	$20 50—21 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

Fourth Quarter.

A	$20 50—21 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

1902.

First Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Second Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Third Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$21 00—22 00	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

1903

First Quarter.

A	$21 00—22 00	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Second Quarter.

A	$19 00—20 00	24c	
B	17 50—18 50	24c	31.5 per cent
C	19 50—21 00	24c	

Third Quarter.

A	$17 75—18 50	26c	
B	17 00—17 50	26c	34 per cent
C	19 50—21 00	26c	

Fourth Quarter.

A	$17 75—18 50	26c	
B	17 00—17 50	26c	34 per cent
C	19 50—21 00	26c	

1904.

First Quarter.

A	$18 00—19 25	26c	
B	17 00—17 50	26c	34 per cent
C	20 00—21 00	26c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$17 00—18 00	.....26c	
B	16 00—16 50	.....26c	36 per cent
C	19 50—20 50	.....26c	

Third Quarter.

A	$18 00—18 50	.....26c	
B	17 00—17 50	.....26c	34 per cent
C	20 00—21 00	.....26c	

Fourth Quarter.

A	$18 00—18 50	.....26c	
B	17 00—17 50	.....26c	34 per cent
C	20 00—21 00	.....26c	

1905.

First Quarter.

A	$20 00—22 00		.....26c
B	18 50—19 50	31 per cent	.....26c
C	20 50—21 50		.....26c

Second Quarter.

A	$23 00—25 00		.....26c
B	20 00—21 50	29 per cent	.....26c
C	21 00—23 50		.....26c

Third Quarter.

A	$28 00—34 00		.....26c
B	21 00—26 00	25 per cent	.....26c
C	23 00—24 50		.....26c

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$28 00—34 00		.....26c
B	21 00—26 00	25 per cent	.....26c
C	23 00—24 50		.....26c

"A"—1st and 2d flooring.

"B"—Common flooring.

"C"—3 inch—Dimension and timber under 12x12x30.

*—When loaded in box cars.

x—When loaded in flat cars.

Group 1—Southern Railway, Brunswick Division.

The percentage figures above show the per cent of freight rates as indicated in the statement to the prices of lumber as indicated in said statement.

Grade B, which is common flooring, and on which the per centages are calculated, weighs 2,300 pounds per thousand feet.

C. B. COMPTON EXHIBIT No. 5.

COMPARATIVE STATEMENT SHOWING PRICE OF YELLOW PINE LUMBER INTERMEDIATE AND LARGE SILLS PURCHASED BY THE LOUISVILLE & NASHVILLE RAILROAD COMPANY DURING THE YEARS 1900, 1901, 1902, 1903, 1904 AND 1905.

		Intermediate Sills	Large Sills
January,	1900	$13 00	$14 00
April,	1900	14 00	14 00
July,	1900	12 00	14 00
October,	1900	12 00	14 00
December,	1900	12 00	14 00
January,	1901	12 00	12 00
October,	1901	12 00	14 00
January,	1902	12 00	14 00
May,	1902	12 00	15 00
June,	1902	12 00	15 00
August,	1902	12 00	15 00
October,	1902	12 00	16 00
November,	1902	14 00	16 00
January,	1903	14 00	16 00
February,	1903	14 00	16 00
June,	1903	13 00	17 00
October,	1903	15 00	16 00
December,	1903	15 00	18 00
April,	1904	15 00	18 00
December,	1904	16 00	19 00
April,	1905	16 00	19 00
September,	1905	16 00	20 00
December,	1905	17 00	22 00

Office of purchasing agent, February 7, 1906.

COMPARISON OF PRICES ON YELLOW PINE LUMBER AT POINTS TAKING TWENTY-THREE CENT RATE ON DATES GIVEN. PER THOUSAND FEET.

DESCRIPTION OF LUMBER	1904			1906
	January	February	August	Feb'ry
A edge grain flooring	$ 29 00	$ 26 00	$ 26 00	$ 35 50
A flat grain flooring	21 00	19 50	20 50	29 50
Four inch No. 1 common flooring	17 50	16 50	17 00	25 00
⅝-inch A ceiling	20 00	19 00	19 00	25 50
½-inch A ceiling	15 50	14 00	14 00	18 50
A partition	24 00	22 00	22 00	30 50
6-inch A bevel siding	14 50	13 50	13 50	19 00
6-inch A drop siding	22 50	20 50	21 50	29 50
1 x ⅝ and 10 inch first and second finish	27 50	25 50	25 50	37 50
A base, from 8 and 10 inch stock	31 50	29 50	29 50	38 50
1-inch A door and window jambs	31 50	29 50	29 50	39 50
1 x 12-16 No. 1 common boards	19 50	18 50	18 50	22 75
1 x 10-16 No. 1 common boards	18 50	17 50	17 50	20 50
1 x 8-16 No. 1 common boards	18 00	17 00	17 00	20 00
1 x 12-16 No 2 common boards	16 75	15 75	15 75	19 25
1 x 10-16 No. 2 common boards	16 50	15 50	15 50	18 50
1 x 8-16 No. 2 common boards	17 50	15 50	15 50	18 50
1 x 4-16 No. 1 fencing	17 50	16 50	16 50	21 50
2 x 4-16 No. 1 dimension	16 50	15 50	15 50	19 00
2 x 10-16 No. 1 dimension	17 00	16 00	16 00	19 50
2 x 4-16 No. 2 dimension	15 00	14 00	14 00	17 50
4 x 10 to 12 x 12-16 timbers	21 00	21 00	21 00	26 50

L. [illegible], EX

STATEMENT OF "OFFICIAL YELLOW PINE PRICES COMPILED BY THE [illegible] MANUFACTURERS' ASSOCIATION," PUBLISHED IN [illegible] LUMBER TRADE JOURNAL, IN [illegible]

Prices per thousand feet delivered at points on or [illegible] of the

KIND OF LUMBER	Feb.	[illegible]	Oct.
A edge grain flooring	$26 00	[illegible]	$28 00
A flat grain flooring	19 50	[illegible]	22 00
4-inch No. 1 common flooring	16 50	[illegible]	18 50
5/8-inch A ceiling	19 00	[illegible]	20 50
3/8-inch A ceiling	14 00	[illegible]	15 00
A partition	22 00	[illegible]	23 50
6-inch A bevel siding	13 50	[illegible]	14 50
6-inch A drop siding	20 50	[illegible]	23 00
1 x 5, 8 and 10-inch first and second finish	25 50	[illegible]	27 50
A base from 8 and 10-inch stock	29 50	[illegible]	31 50
1-inch A door and window jambs	29 50	[illegible]	31 50
1 x 12-16 No. 1 common boards	18 50	[illegible]	19 00
1 x 10-16 No. 1 common boards	17 50	[illegible]	18 00
1 x 8-16 No. 1 common boards	17 00	[illegible]	17 50
1 x 12-16 No. 2 common boards	15 75	[illegible]	16 25
1 x 10-16 No. 2 common boards	15 50	[illegible]	16 00
1 x 8-16 No. 2 common boards	15 50	[illegible]	16 00
1 x 4-16 No. 1 fencing	16 50	[illegible]	17 00
2 x 4-16 No. 1 dimension	15 50	[illegible]	16 50
2 x 10-16 No. 1 dimension	16 00	[illegible]	16 50
2 x 4-16 No. 2 dimension	14 00	[illegible]	15 00
4 x 10 to 12 x 12-16 timbers	21 00	[illegible]	21 50

The prices prevailing in December, 1905, are still in [illegible]

Average advance, $6.08 per thousand feet.

Average advance, 32 per cent.

EXHIBIT No. 2.

THE AMERICAN LUMBERMAN FROM RECORDS OF THE SOUTHERN LUMBER
ED IN THE AMERICAN LUMBERMAN, A RELIABLE
L, IN ITS ISSUE OF JANUARY 6, 1906.

of the Ohio River to which the rate is 23 cents per hundred pounds.

	1905									
Oct.	Jan.	March	May	July	Sept.	Nov.	Dec.	Advance since Feb. 1904	No. of Advances
$28 00	$28 00	$30 00	$30 50	$31 50	$31 50	$33 50	$35 50	$ 9 50	6
22 00	23 00	24 00	24 50	25 50	25 50	27 50	29 50	10 00	8
18 50	19 50	20 50	20 50	21 00	21 00	23 00	25 00	8 50	7
20 50	20 50	22 50	22 50	22 50	23 50	24 00	25 50	6 50	5
15 00	15 00	16 00	16 00	16 00	17 00	17 50	18 50	4 50	5
23 50	24 50	26 50	27 00	27 00	28 00	28 50	30 50	8 50	7
14 50	14 50	16 00	16 50	16 50	17 50	18 00	19 00	5 50	6
23 00	23 50	24 50	25 00	27 00	28 00	27 50	29 50	9 00	9
27 50	29 00	32 00	33 00	36 00	37 00	37 50	37 50	12 00	7
31 50	33 00	36 00	37 00	38 00	39 00	38 50	38 50	9 00	7
31 50	33 00	36 00	37 00	38 00	39 00	39 50	39 50	10 00	7
19 00	19 00	19 75	19 75	20 25	20 75	21 25	22 75	4 25	6
18 00	18 00	18 50	18 50	19 00	19 50	19 50	20 50	3 00	5
17 50	17 50	18 00	18 00	18 50	19 00	19 00	20 00	3 00	5
16 25	16 25	17 25	17 25	17 25	17 75	17 75	19 25	3 50	4
16 00	16 00	16 50	16 50	17 00	17 50	17 50	18 50	3 00	5
16 00	16 00	16 50	16 50	17 00	17 50	17 50	18 50	3 00	5
17 00	17 00	18 00	18 00	18 50	19 00	19 50	21 50	5 00	6
16 50	16 50	17 00	17 50	17 50	18 00	18 00	19 00	3 50	5
16 50	16 50	17 00	17 00	17 00	18 00	18 00	19 50	3 50	4
15 00	15 00	15 00	16 00	16 00	16 50	16 50	17 50	3 50	4
21 50	21 50	21 50	22 00	22 50	24 50	24 50	26 50	5 50	5

L. GREEN EXHIBIT No. 3.

STATEMENT SHOWING NUMBER OF CARLOADS OF LUMBER VIA SOUTHERN RAILWAY FROM GEORGIA AND FLORIDA, AND ALSO FROM ALABAMA, MISSISSIPPI AND EASTERN LOUISIANA, TO POINTS ON AND NORTH OF THE OHIO RIVER, JANUARY TO OCTOBER INCLUSIVE, YEARS 1902, 1903, 1904, 1905.

Months		Georgia & Florida	Ala., Miss. & East La.	Total
January,	1902	404	279	683
February,	1902	434	229	663
March,	1902	473	429	902
April,	1902	543	375	918
May,	1902	519	235	754
June,	1902	408	347	755
July,	1902	681	397	1,078
August,	1902	415	375	790
September,	1902	514	250	764
October,	1902	385	335	720
Totals		4,776	3,251	8,027
January,	1903	506	359	865
February,	1903	544	440	984
March,	1903	693	371	1,064
April,	1903	564	468	1,032
May,	1903	424	712	1,136
June,	1903	641	540	1,181
July,	1903	636	480	1,116
August,	1903	427	476	903
September,	1903	338	390	728
October,	1903	338	396	734
Totals		5,111	4,632	9,743

Months		Georgia & Florida	Ala., Miss. & East La.	Total
January,	1904	375	422	797
February,	1904	295	298	593
March,	1904	399	344	743
April,	1904	391	417	808
May,	1904	261	401	662
June,	1904	289	327	616
July,	1904	185	304	489
August,	1904	248	361	609
September,	1904	241	463	704
October,	1904	223	422	645
Totals		2,907	3,759	6,666
January,	1905	310	393	703
February,	1905	458	408	866
March,	1905	590	488	1,078
April,	1905	512	616	1,128
May,	1905	630	416	1,046
June,	1905	459	475	934
July,	1905	411	484	895
August	1905	386	781	1,167
September,	1905	359	769	1,128
October,	1905	327	617	944
Totals		4,442	5,447	9,889

L. GREEN EXHIBIT No. 4.

COMPARISON OF PRICES PER THOUSAND FEET OF YELLOW PINE LUMBER IN FEBRUARY, 1898, AT POINTS TAKING A FREIGHT RATE OF 22 CENTS PER HUNDRED POUNDS WITH PRICES PREVAILING IN FEBRUARY, 1906, AT POINTS TAKING A FREIGHT RATE OF 23 CENTS PER HUNDRED POUNDS.

Description of Lumber	Feb. 1898	Feb. 1906	Inc'rs
A edge grain flooring	$21 00	$35 50	$14 50
A flat grain flooring	16 00	29 50	13 50
4 inch No. 1 common flooring	13 00	35 00	22 00
5/8-inch A ceiling	15 00	25 50	10 50
3/8-inch A ceiling	11 50	18 50	7 00
A partition	18 00	30 50	12 50
6-inch A bevel siding	11 50	19 00	7 50
6-inch A drop siding	17 00	29 50	12 50
1x5, 8 and 10-inch 1st & 2d finish	20 00	37 50	17 50
A base, from 8 and 10-inch stock	22 50	38 50	16 00
1-inch A door and window jambs	22 00	39 50	17 50
1x12-16 No. 1 common boards	15 00	22 75	7 75
1x10-16 No. 1 common boards	14 00	20 50	6 50
1x 8-16 No. 1 common boards	14 00	20 00	6 00
1x12-16 No. 2 common boards	14 00	19 25	5 25
1x10-16 No. 2 common boards	12 50	18 50	6 00
1x 8-16 No. 2 common boards	11 50	18 50	7 00
1x 4-16 No. 1 fencing	13 00	21 50	8 50
2x 4-16 No. 1 dimension	13 50	19 00	5 50
2x10-16 No. 1 dimension	14 00	19 50	5 50
2x 4-16 No. 2 dimension	11 50	17 50	6 00
4x10 to 12x12-16 timbers	17 00	26 50	9 50

L. GREEN EXHIBIT No. 5.

STATEMENT SHOWING THE INCREASE IN PRICES OF MATERIAL USED BY SOUTHERN RAILWAY IN HANDLING OF LUMBER, YEAR 1905, AS COMPARED WITH YEAR 1904.

WAGES PAID ENGINEERS AND FIREMEN, ROUNDHOUSEMEN, CONDUCTORS AND TRAINMEN, SWITCHMEN AND YARDMEN.

Year Ended December 31, 1905..	$6,221,373 90	
Year ended December 31, 1904.....	5,816,498 35	
Increase		$404,875 55
Percentage of increase.....		6.96 per cent

FUEL FOR LOCOMOTIVES.

Year ended December 31, 1905.....$	3,404,644 23	
Year ended December 31, 1904.....	3,329,634 15	
Increase		$ 75,010 08
Percentage of increase.....		2.25 per cent

AVERAGE PRICES PAID FOR NEW EQUIPMENT.

Locomotives—		
Year ended December 31, 1905..$	15,962 00	
Year ended December 31, 1904..	15,510 00	
Increase		$ 452 00
Percentage of increase.....		2.91 per cent
Box Cars (including Vent. and Plain)—		
Year ended December 31, 1905..$	655 00	
Year ended December 31, 1904..	541 00	
Increase		$ 114 00
Percentage of increase.....		21.07 per cent

Flat Cars (steel)—		
Year ended December 31, 1905..	$ 853 00	
Year ended December 31, 1904..	.....	
Increase		$ 853 00
Percentage of increase.....		.....
Coal and Gondola Cars—		
Year ended December 31, 1905..	$ 893 00	
Year ended December 31, 1904..	763 39	
Increase		$ 129 61
Percentage of increase.....		16.98 per cent

L. GREEN, EXHIBIT No. 6.

STATEMENT SHOWING THE PRICES OF VARIOUS KINDS OF YELLOW PINE LUMBER IN THE ATLANTA MARKET DURING EACH OF THE MONTHS SHOWN.

	Flooring, firsts	Flooring, seconds	Flooring, common	Boards, 1 x 12 x 12 in.	Sills, sizes 6 x 8 in., 4 x 8 in., 4 x 6 in.	Structural timber under 12 x 12 in. and under 30 ft.	Structural timber 12x12 in. and over and under 30 ft.
1902—October	$17 00	$16 00	$14 50	$11 00	$11 00	$11 00	$16 00
1903—October	16 00	15 00	13 50	11 00	11 00	11 00	17 00
1904—October	16 00	15 00	13 50	11 00	11 00	11 00	18 00
1904—November	16 50	15 50	14 00	11 00	11 00	11 00	18 00
1904—December	17 00	16 00	14 50	11 50	11 50	11 50	18 00
1905—January	17 50	16 50	15 00	11 50	11 50	11 50	19 00
1905—February	18 00	17 00	15 50	12 00	12 00	12 00	20 00
1905—March	18 00	17 00	15 50	12 50	12 50	12 50	21 00
1905—April	18 50	17 50	16 00	12 50	12 50	12 50	22 00
1905—May	18 50	17 50	16 00	13 50	13 50	13 50	22 00
1905—June	19 00	17 50	16 00	13 50	13 50	13 50	22 00

L. GREEN EXHIBIT No. 7.

CIRCULAR LETTER No. 3. SERIES 1905-1906.

The Southeastern Freight Association

ARTICLES OF ASSOCIATION.

OF

THE SOUTHEASTERN FREIGHT ASSOCIATION.

For the purposes set forth in the following articles, the companies subscribing hereto form the Southeastern Freight Association:

ARTICLE I.

SECTION 1. An Executive Board is hereby created, composed of either the President, Vice President, General Manager or other officer of each member of the association, as designated annually by such member; but such officer thus designated may appoint any other officer or agent of his company, as proxy, with power to represent him at any meeting of said board.

SEC. 2. The Executive Board shall elect its own chairman. Said board shall also elect the chairman of the association, and shall fix his term of service and salary. All expenses of the association shall be subject to the review and revision of the Executive Board, or of a committee to be appointed by said board.

SEC. 3. The Executive Board shall meet upon the written request of two or more members thereof, or upon the call of its chairman.

SEC. 4. A majority of the members of the Executive Board, present or represented by proxy, shall constitute a quorum.

SEC. 5. It shall require the unanimous action of those present, in person or by proxy, to adopt any motion or resolution that may be made before the Executive Board.

SEC. 6. The Executive Board shall have power to reconsider any matter that may have been considered by the Conference Committee hereinafter provided for.

ARTICLE II.

SECTION 1. Each member of the Executive Board shall appoint a traffic officer of his company, and such traffic officers, thus appointed, shall constitute a Conference Committee. Any traffic officer appointed a member of the Conference Committee may appoint any other officer or agent of his company, as proxy, with power to represent him at any meeting of said committee.

SEC. 2. Any member of this association proposing to make any change in its rates, rules or regulations, will suggest the same to said Conference Committee for consideration and interchange of views, before such change shall take effect; but it is distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not.

ARTICLE III.

SECTION 1. Upon complaint to the chairman of the association that illegal devices have been resorted to, whether by secret rebates, or drawbacks, or payment of commissions, or underbilling of weights, or otherwise, he shall make an investigation thereof, and he or his representatives shall be given access to the records of all members of the association, so far as the same may pertain to the traffic with reference to which such complaint may have been made.

ARTICLE IV.

SECTION 1. The association expenses shall be ap ‘ioned fairly between the members of the Executive Board, and upon the basis so fixed by the board, the chairman of the association shall have authority to collect the same.

ARTICLE V.

SECTION 1. Any member retiring from this association before the expiration of the time herein fixed, except by unanimous consent, shall not be released from its obligations to contribute its share of the association expenses, as the same may be fixed by the Executive Board.

ARTICLE VI.

SECTION 1. It shall be the duty of the chairman to preside at all meetings of the Conference Committee; to keep the records of the association; to receive from each member of the association copies of tariffs or rates established by said member; to compile, print and distribute such tariffs or rates in conformity with the Interstate Commerce Act and other laws; to formulate and distribute such statistical information as may be called for by the Conference Committee or by the Executive Board; any expense incurred in collecting such information to be apportioned among the interested members by the chairman of the association. Each member will furnish such reports of freight traffic, and other statistical data, as may be called for by the chairman of the association. The chairman shall also receive and list for discussion subjects coming before the Conference Committee, conduct all correspondence that may be necessary, and communicate such information as to the records of the association as may be requested by members and others interested.

SEC. 2. Each member shall, at the time of issue, file with

the chairman of the association copies of all tariffs or rates that may be issued by such member, and in which any other member may be interested.

ARTICLE VII.

SECTION 1. Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member. Nothing herein contained shall be so construed as to confer upon the Executive Board, or the Conference Committee, or the chairman of the association, or the chairman of the Executive Board, or upon any other committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

ARTICLE VIII.

SECTION 1. The articles of this association shall relate to the territory lying south of the Potomac River to the Virginia-West Virginia State line; then via said line to Bristol, Tenn., through and including Middlesboro, Ky., Jellico and Harriman Junction, Tenn., to and including Chattanooga, Tenn., and on and south and east of a line from Chattanooga, Tenn., via the Alabama Great Southern Railroad to Birmingham, Ala.; thence via Southern Railway to and including Selma, Ala.; thence via Western Railway of Alabama to and including Montgomery, Ala.; thence via the Atlantic Coast Line Railroad through Valdosta, Ga.,

Jasper, Live Oak and Lake City, Fla., to Jacksonville, Fla., including points on the line from Montgomery to Jacksonville; thence via the South Atlantic seaboard to the Potomac River. Said articles shall relate to the rail lines and steamship lines which are now, or may hereafter become, members of this association.

SEC. 2. Said articles shall relate to traffic having origin or destination within the territory above defined, in which two or more members of this association may be interested, except that said articles shall not relate to traffic between any two points north of the Virginia-North Carolina State line, nor to traffic between points on the designated northern and western boundary lines and points outside of the territory as above defined; nor to traffic from or through North Atlantic ports to South Atlantic ports, proper, or from South Atlantic ports, proper, to or through North Atlantic ports; nor to coke and bituminous coal.

ARTICLE IX.

SECTION 1. No change shall be made in these articles of association, except by consent of each member of the association.

ARTICLE X.

SECTION 1. These articles of association shall become effective the 1st day of May, 1905, and continue in force until April 30, 1906.

OCEAN STEAMSHIP COMPANY,
W. H. Pleasants, Vice President and G. M.

NEW YORK & TEXAS STEAMSHIP CO. (Bwick Service),
By H. H. Raymond.

CENTRAL OF GEORGIA RAILWAY CO.,
By W. A. Winburn, Second Vice President.

WESTERN & ATLANTIC R. R.,
By H. F. Smith, Traffic Manager.

ATLANTIC COAST LINE RAILROAD CO.,
By T. M. Emerson, Third Vice President.

CHARLESTON & WESTERN CAROLINA R. R.,
By T. M. Emerson, Traffic Manager.

NORFOLK & WESTERN RY.,
By L. E. Johnson, President.

THE CHESAPEAKE STEAMSHIP CO.,
By Reuben Foster, President.

LOUISVILLE & NASHVILLE R. R. CO. (A. K. & N. Div.),
By Wm. J. Dickinson, Third Vice President.

MERCHANTS & MINERS TRANS. CO.,
By J. C. Whitney, Second V. P. & T. M.

SOUTHERN RAILWAY,
By J. M. Culp, Third Vice President.

OLD DOMINION STEAMSHIP COMPANY.,
By H. B. Walker, V. P. & T. M.

CLYDE S. S. CO.,
Theo. G. Eger.

GEORGIA SOUTHERN & FLORIDA RY. CO.,
By Wm. C. Shaw, V. P. Per J. M. C.

MACON & BIRMINGHAM RY. CO.,
By Wm. C. Shaw, V. P. Per J. M. C.

BALTIMORE STEAM PACKET CO.,
By John R. Sherwood, Vice President and General Manager

SEABOARD AIR LINE RAILWAY,
By E. F. Cost, Second Vice President.

The Columbia, Newberry & Laurens R. R. Co.,
By W. G. Childs, Pt.

The Florida East Coast Ry. Co.,
J. P. Beckwith, Traffic Manager.

Georgia, Florida & Alabama Ry. Co.
By J. P. Williams, President.

Atlantic & Birmingham Railway Co.,
H. C. McFadden, General Freight Agent.

Wrightsville & Tennille R. R. Co.,
A. F. Daley, President.

Hawkinsville & Fla. Sou. Ry. Co.,
By H. E. Rodes. General Manager.

The Atlanta & West Point R. R.,
The Western Railway of Ala.,
By Charles A. Wickersham, P & G. M.

Georgia Railroad,
By Thos. K. Scott, General Manager.

Gainesville Midland Railway,
By Samuel C. Dunlap, General Manager.

Virginia & Southwestern Ry.,
By Jno. B. Newton, V. P. & G. M.

L. GREEN EXHIBIT No. 8.

ARTICLES OF ASSOCIATION
OF THE
SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION.

For the purposes set forth in the following articles, the parties hereto form a freight association, to be known as the SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION.

ARTICLE I.

1. The traffic to which these articles relate shall be the following, in which two or more of the parties hereto are interested:

(*a*) Freight traffic which passes from, to, or through Ohio River or Mississippi River points, Cincinnati to New Orleans inclusive, when destined to or coming from Mississippi River points south of Cairo to New Orleans inclusive; except, that traffic between points west of points on the west bank of the Mississippi River and Mississippi River points south of Cairo to New Orleans inclusive shall not be included.

(*b*) Freight traffic passing from, to, or through Ohio River and Mississippi River points, Cincinnati to New Orleans inclusive, when destined to or coming from points south of the Ohio River and the Virginias, and east of the Mississippi River.

(*c*) Freight traffic originating at and destined to junction or crossing points, both of which are located east of the Mississippi River and south of the Ohio River and the Virginias.

(*d*) But these articles shall not relate to coke, bituminous coal, cotton, or export or import traffic.

2. The territory to which these articles relate is bounded on the north by the Ohio River, on the east by a line from Jellico through Harriman Junction, Chattanooga, Birmingham, Selma, and Montgomery to Pensacola, including junction points on the Alabama Mineral Division of the L. & N. Railroad (Attalla to Calera inclusive); on the south by the Gulf of Mexico, and on the west by the Mississippi River, including points on said boundary lines.

ARTICLE II.

1. A chairman shall be selected by the unanimous vote of the association. His duties shall be to preside at all meetings of the association, conduct all necessary correspondence, keep necessary records, promulgate rules and regulations which may be established by the association, and the rates, rules and regulations which may be established by the several members of the association applying on traffic to which these articles relate.

2. The chairman shall issue notices of regular meetings of the association as hereafter provided for, not less than ten days in advance of the day fixed for such meetings, accompanied by a list of subjects to be considered and discussed at such meetings. Special meetings of the association shall be called by the chairman on request of two or more members, provided that not less than seven days' notice in advance be given of such special meetings. The members making such request shall designate the subject or subjects to be considered and discussed, which subjects shall be transmitted by the chairman with his call.

3. The chairman shall cause statements of traffic carried within the territory defined above by each of the parties hereto, to be compiled at such time and for such periods and distributed in such manner as the association may direct.

4. The chairman shall have access either in person or by appointee to the books, papers, correspondence, etc., of any of the officers, agents or employes of the parties hereto, relative to said traffic, so far as may be necessary to carry out the purposes of these articles.

5. The chairman shall perform such other duties as may be assigned him under the terms of these articles.

6. The chairman shall effect and maintain such an office organization as will enable him to efficiently perform the duties delegated in these articles, subject to the approval of the association.

ARTICLE III.

1. All changes proposed by any member in its rates, rules and regulations will be suggested to the association for consideration and discussion; provided, however, that nothing herein shall be construed as impairing the right of any member to change any of its rates, rules and regulations, according to law, whenever it deems proper to do so; it being distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said association or not.

Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member.

Nothing herein contained shall be so construed as to confer upon the chairman of the association, or upon any committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this associa-

tion expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

2. Each member shall promptly notify the chairman of its purpose to establish any rate, rule or regulation on traffic to which these articles relate, together with the effective date; and shall furnish to the chairman as soon as issued copies of all tariffs or other issues relating to said traffic.

3. Regular meetings of the association shall be held at such times and places as may be mutually agreed upon.

ARTICLE IV.

1. The authorized expenses of the association shall be apportioned by the chairman on the basis of mileage of the lines parties hereto within the territory hereinbefore described.

ARTICLE V.

1. The headquarters of the association and the office of the chairman shall be at Louisville, Ky.

2. These articles shall become effective on the 14th day of August, 1902, and continue in force until May 1, 1903; and thereafter subject to thirty days' written notice by any member to the chairman of its intention to withdraw therefrom.

Alabama Great Southern Railroad Co.
Alabama & Vicksburg Railway Co.
Cincinnati, New Orleans & Texas Pacific Railway Co.
Illinois Central Railroad Co.
Illinois Central Railroad Co. (Louisville Division).
Kansas City, Memphis & Birmingham Railroad Co.
Louisville & Nashville Railroad Co.
Mobile & Ohio Railroad Co.
Nashville, Chattanooga & St. Louis Railway Co.
New Orleans & Northeastern Railroad Co.
Southern Railway Co.
Yazoo & Mississippi Valley Railroad Co.

L. GREEN, EXHIBIT No. 9.

COMPARISON LUMBER RATES WITH SIXTH CLASS RATES FROM REPRESENTATIVE LUMBER SHIPPING POINTS IN ALABAMA, MISSISSIPPI AND EAST LOUISIANA TO REPRESENTATIVE LUMBER RECEIVING POINTS ON AND NORTH OF THE OHIO RIVER.

FROM / TO	Cincinnati		Louisville		Evansville	
	6th	Lbr.	6th	Lbr.	6th	Lbr.
Thomasville, Ala	66	23	62	21	62	22
Jackson, Ala	75	23	69	21	69	22
Mt. Vernon, Ala	53	23	49	21	49	22
Quitman, Miss	63	23	59	21	59	22
Waynesboro, Miss	61	23	57	21	57	22
Citronelle, Ala	57	23	53	21	53	22
Vossburg, Miss	65	23	61	21	60	22
Hattiesburg, Miss	64	23	60	21	60	22
Lumberton, Miss	63	23	59	21	59	22
Hazelhurst, Miss	55	...	50	...	50	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
McComb, Miss	56	...	51	...	51	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	..	18	...	19
Hammond, La	57	...	52	...	52	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Harriston, Miss	57	...	53	...	51	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Gloster, Miss	62	...	58	...	56	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Slaughter, La	54	...	50	...	48	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19

L. GEEEN, EXHIBIT No. 9— Con.

COMPARISON LUMBER RATES WITH SIXTH CLASS RATES FROM REPRESENTATIVE LUMBER SHIPPING POINTS IN ALABAMA, MISSISSIPPI AND EAST LOUISIANA TO REPRESENTATIVE LUMBER RECEIVING POINTS ON AND NORTH OF THE OHIO RIVER.

FROM / TO	Cairo		St Louis		Chicago	
	6th	Lbr.	6th	Lbr.	6th	Lbr.
Thomasville, Ala	56	16	62	20	68	26
Jackson, Ala	65	16	71	20	77	26
Mt. Vernon, Ala	43	16	49	20	55	26
Quitman, Miss	43	16	49	20	55	26
Waynesboro, Miss	43	16	49	20	55	26
Citronelle, Ala	47	16	53	20	59	26
Vossburg, Miss	43	16	49	20	55	26
Hattiesburg, Miss	43	16	49	20	55	26
Lumberton, Miss	43	16	49	20	55	26
Hazelhurst, Miss	39	...	50	...	...	55
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
McComb, Miss	40	...	51	...	56	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Hammond, La	41	...	52	...	57	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Harrison, Miss	47	...	53	...	59	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Gloster, Miss	52	...	58	...	64	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Slaughter, La	44	...	50	...	56	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23

LUMBER FORWARDED FROM AND VIA ... & N.
CENTRE ... IGHT

MONTH	1902 No. of Cars		1903 No. of C...	
	N. O. & N. E.	Connecting Lines	N. O. & N. E.	N. C...
January	841	55	816	
February	690	218	834	
March	928	162	781	
April	1,072	139	925	
May	1,016	285	907	
June	668	305	738	
July	892	330	862	
August	917	199	911	
September	597	140	801	
October	913	122	924	
November	785	168	571	
December	837	164	689	
Totals	10,156	2,287	9,759	5
Grand Totals	12,443		12,4...	

TEELE, EXHIBIT No. 1.

& N. E. AND A. & V. STATIONS IN MISSISSIPPI TO POINTS IN IGHT ASSOCIATION TERRITORY.

& N. E.				A. & V.			
1904 No. of Cars		1905 No. of Cars		1902 No. Cars	1903 No. Cars	1904 No. Cars	1905 No. Cars
N. O. & N. E.	Connecting Lines	N. O. & N. E.	Connecting Lines	A. & V.	A. & V.	A. & V.	A. & V.
406	276	405	393	137	114	64	64
564	282	445	394	147	74	73	65
615	285	780	625	169	106	118	137
675	316	609	746	185	135	112	93
508	368	629	807	160	123	82	104
371	354	676	680	189	142	111	85
427	299	649	590	170	159	81	84
385	320	486	697	148	129	93	91
469	353	526	620	154	77	99	113
445	472	434	446	93	85	77	72
445	424	379	301	76	82	81	76
450	401	392	278	78	103	83	79
5,760	4,150	6,410	6,577	1,706	1,329	1,074	1,063
9,910		12,987					

IN THE

CIRCUIT COURT OF THE UNITED STATES

For the Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

Deposition of William Renshaw, a witness for the defendant Illinois Central Railroad Company, taken by me, Frank L. DeLay, a notary public for Cook County, Illinois, under an agreement entered into in Chicago, Ill., February 10, 1906, between T. M. Miller, Esq., solicitor for complainant, and Sidney F. Andrews, Esq., solicitor for defendant Illinois Central Railroad Company, by which notice and all formal parts were waived, and by which it was further agreed that the deposition should be taken and transmitted to T. M. Miller, Esq., at New Orleans, Louisiana, and by him filed in this cause, unless, after reading same, he should desire to ask any cross interrogatories, in which event he should return the deposition, together with any cross interrogatories, and the witness shall then be recalled and examined, and after such cross interrogatories shall be answered by the witness, together with any redirect questions made necessary thereby, the deposition should then again be transmitted to Mr. Miller and filed by him.

William Renshaw, a witness called on behalf of defendant Illinois Central Railroad Company, and residing at Chicago, Ill., more than one hundred miles from the place where this cause is to be tried, being duly cautioned and sworn to tell the whole truth, and being carefully examined, deposes and says as follows:

DIRECT EXAMINATION BY MR. ANDREWS.

Q. State your name, residence and occupation.

A. William Renshaw; residence, Chicago, Ill.; occupation, superintendent of machinery, Illinois Central Railroad Company.

Q. Please state whether you have had made, under your supervision, a statement showing the value of the equipment or the rolling stock acquired by the Illinois Central Railroad Company when it took over the Chicago, St. Louis & New Orleans Rairoad, and the Mississippi & Tennessee Railroad.

A. I have; yes, sir.

Q. Please state what equipment was then acquired from these roads.

A. We got twelve locomotives from the Mississippi & Tennessee Railroad; from the Chicago, St. Louis & New Orleans Railroad we got ninety-eight locomotives. We got sixty-three passenger cars from the Chicago, St. Louis & New Orleans Railroad, and from the Mississippi & Tennessee thirteen. We got from the Chicago, St. Louis & New Orleans Railroad one thousand four hundred and seventy-six freight cars, and from the Mississippi & Tennessee two hundred and eighty-seven.

Q. Was the rolling stock and equipment acquired by the Illinois Central Railroad Company from the Chicago, St. Louis & New Orleans Railroad and the Mississippi & Tennessee Railroad, in regard to which you have testified, appraised at the time the Illinois Central Railroad Company got it?

A. I am unable to say. I was not superintendent of machinery at that time.

Q. Have you estimated what the value of this rolling stock was at the time the Illinois Central Railroad Company acquired it, and if so state what your estimate is?

A.

98 locomotives acquired from the C. St. L. & N. O. R. R. Co.	$245,000
12 locomotives acquired from the M. & T. R. R. Co.	34,500
Total	$279,500

63 passenger cars acquired from the C. St. L. & N. O. R. R. Co.	$116,750
13 passenger cars acquired from the M. & T. R. R. Co.	25,000
Total	$141,750

1,476 freight cars acquired from the C. St. L. & N. O. R. R. Co.	$369,000
287 freight cars acquired from the M. & T. R. R. Co.	71,750
Total	$440,750

Q. What was the total value of this entire equipment received from those two companies, the Chicago, St. Louis & New Orleans Railroad Company and the Mississippi & Tennessee Railroad Company, at the time it was received?

A. Eight hundred and sixty-two thousand dollars.

Q. Please state what method you have used to ascertain the value of the equipment acquired at the time the Illinois Central Railroad Company took over the Chicago, St. Louis & New Orleans Railroad and the Mississippi & Tennessee Railroad.

A. I allowed a value for that equipment somewhat slightly in excess of the value placed on the equipment we received when we took over the Chesapeake, Ohio & Southwestern Railroad. The latter equipment was more modern and heavier, and of greater capacity, because we acquired it about the year 1897.

Q. Please state whether the Illinois Central Railroad Company acquired any equipment or rolling stock from the Chicago, St. Louis & New Orleans Railroad Company at the time it began to operate the Chesapeake, Ohio & Southwestern Railroad and its affiliated lines.

A. Yes, sir.

Q. State what the equipment was and its value at the time the Illinois Central received it.

A. The Illinois Central received—

55 locomotives valued at	$142,650
66 passenger cars valued at	94,619
2,867 freight cars valued at	403,478

Q. What is the total value of the equipment that formerly belonged to the Chesapeake, Ohio & Southwestern Railroad Company?

A. Six hundred and forty thousand, seven hundred and forty-seven dollars.

Q. Now, please state whether the Illinois Central Railroad Company has furnished any equipment to the lines of railroad south of the Ohio River belonging to the Chicago, St. Louis & New Orleans Railroad Company, for use on those lines of road.

A. Yes, sir.

Q. Have you got a statement of that for the fiscal years 1902, 1903, 1904, 1905 and the six months of the fiscal year 1906 ending December 31, 1905?

A. Yes, sir.

Q. Has this statement been made under your supervision?

A. Yes, sir.

The statements referred to by the witness in his previous testimony, together with the one just mentioned, were here produced, marked in the order in which they have been testified to, Exhibits A, B, C, and are hereto attached.

Q. State the value of the equipment furnished by the Illinois Central Railroad Company to the Chicago, St. Louis & New Orleans Railroad Company, for use on its lines, in excess of the value of such equipment acquired by the Illinois Central Railroad Company from that company, for the fiscal year ending

June 30, 1902, 1903, 1904, 1905, and the six months of the fiscal year 1906 ending December 31, 1905.

A. Value of such excess equipment for the fiscal year was—

1902	$ 8,746,598 57
1903	10,550,442 24
1904	11,347,711 48
1905	12,139,782 97
First six months of fiscal year 1906 ending December 31, 1905	12,140,851 04

Q. State how you have arrived at the amount of equipment furnished by the Illinois Central Railroad Company to those lines south of the Ohio River during those years.

A. We used the cost of the engines—original cost of the engines—depreciated on a basis of 5 per cent per annum, assuming the life of the engine to be twenty years.

Q. State how you arrived at the value of the freight and passenger cars furnished.

A. For passenger cars we took the cost price depreciated 5 per cent per annum.

Q. Now, please state how you arrived at the value of the freight cars.

A. We took the value of a new car of the same size and capacity, depreciated on a basis of 6 per cent per annum, which is the Master Car Builder's rule.

Q. As I understand you, Mr. Renshaw, you took the actual

cost of the locomotive and the cars that you furnished, and then you allowed this 5 per cent depreciation?

A. Five per cent on engines and passenger cars and 6 per cent on freight cars.

Q. State how you arrived at the number of locomotive engines furnished by the Illinois Central Railroad Company to those Southern lines.

A. We arrived at that from the weekly and monthly reports showing engines in service on those lines.

Q. How did you arrive at the number of passenger cars used on those lines?

A. The number of passenger cars was obtained by taking all cars in the runs between points on Southern lines, and the per cent of such cars as are run on both Northern and Southern lines, the proportion being determined on the road mileage basis. As an illustration, we have twenty-six cars running between Chicago and New Orleans; 60 per cent of this run is over Southern lines. We therefore took 60 per cent of twenty-six cars and 60 per cent of the value of twenty-six cars.

Q. How did you arrive at the number of freight cars?

A. The number of freight cars on the Southern lines was determined by dividing freight car mileage on those lines for the year by the average miles of one car per year.

WILLIAM RENSHAW.

Subscribed and sworn to before me this 13th day of February, 1906.

FRANK L. DELAY, *Notary Public.*

EXHIBIT "A," RENSHAW.

STATEMENT

SHOWING EQUIPMENT ILLINOIS CENTRAL RAILROAD CO. ACQUIRED WITH THE C. ST. L. & N. O. R. R. AND M. & T. R. R., AND VALUE OF SAME.

CLASS OF EQUIPMENT	C. ST. L. & N. O. R. R.		M. & T. R. R.		TOTAL	
	No.	Value	No.	Value	No.	Value
Locomotives...	98	$245,000	12	$ 34,500	110	$279,500
Passenger cars	63	116,750	13	25,000	76	141,750
Freight cars...	1476	369,000	287	71,750	1763	440,750
Total.....	.....	$730,750	.....	$131,250	.....	$862,000

EXHIBIT "B," RENSHAW.

STATEMENT

SHOWING EQUIPMENT ILLINOIS CENTRAL RAILROAD CO. ACQUIRED WITH THE C. & O. S. W. R. R., AND VALUE OF SAME.

CLASS OF EQUIPMENT	No.	VALUE
Locomotives	55	$142,650
Passenger cars.....	15	94,619
Freight cars.....	2867	403,478
Total	.....	$640,747

EXHIBIT C, RENSHAW.

STATEMENT.

Showing the Value of the Equipment Furnished by the Illinois Central Railroad Co to the Chicago, St. Louis & New Orleans Railroad Co., for Use on its Lines in Excess of the Value of Such Equipment Acquired by the Illinois Central Company from that Company for the Fiscal Years Ending June 30, 1902, 1903, 1904, 1905, and for the six Months to December 31, 1905.

Class of Equipment	Acquired		June 30, 1902		Excess Value
	No.	Value	No.	Value	
Locomotives	164	$ 422,150 00	315	$ 1,823,573 00	$ 1,401,423 00
Passenger cars	141	236,369 00	140	450,516 00	214,147 00
Freight cars	4,630	844,228 00	16,709	7,975,256 57	7,131,028 57
Total		$1,502,747 00		$10,249,345 57	$ 8,746,598 57
	Acquired		June 30, 1903		
Locomotives	164	$ 422,150 00	321	$ 1,895,581 00	$ 1,473,431 00
Passenger cars	141	236,369 00	132	493,193 00	256,824 00
Freight cars	4,630	844,228 00	18,097	9,664,415 24	8,820,187 24
Total		$1,502,747 00		$12,053,189 24	$ 10,550,442 24

EXHIBIT C, RENSHAW Con.

STATEMENT.

Class of Equipment	Acquired		June 30, 1904		Excess Value
	No.	Value	No.	Value	
Locomotives. . . .	164	$ 422,150 00	358	$ 2,449,402 00	$ 2,027,252 00
Passenger cars. . .	141	236,369 00	144	489,011 00	252,642 00
Freight cars. . . .	4,630	844,228 00	19,127	9,912,045 48	9,067,817 48
Total.	. . . .	$1,502,747 00	. . . .	$12,850,458 48	$ 11,347,711 48
	Acquired		June 30, 1905		
Locomotives. . .	164	$ 422,150 00	394	$ 2,841,444 00	$ 2,419,294 00
Passenger cars. . .	141	236,369 00	149	528,621 00	292,252 00
Freight cars. . . .	4,630	844,228 00	19,938	10,272,464 97	9,428,236 97
Total.	. . . .	$ 1,502,747 00	. . . .	$13,642,529 97	$ 12,139,782 97
	Acquired		December 31, 1905		
Locomotives. . . .	164	$ 422,150 00	406	$ 3,022,873 00	$ 2,600,723 00
Passenger cars. . .	141	236,369 00	149	505,087 00	268,718 00
Freight cars. . . .	4,630	844,228 00	19,604	$10,115,638 64	9,271,410 64
Total.	. . . .	$1,502,747 00	. . . .	$13,643,598 64	$ 12,140,851 64

IN THE

CIRCUIT COURT OF THE UNITED STATES

For the Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

State of Illinois,
Northern District of Illinois, } ss.
Eastern Division,
County of Cook.

I hereby certify that on the 12th day of February, 1906, before me, Frank L. DeLay, a notary public in and for the county of Cook and State of Illinois, at Room 810, No. 1 Park Row, Chicago, Illinois, in accordance with an agreement of counsel, as stated in the first page of this deposition, personally appeared William Renshaw, the witness therein named, between the hours of 9 a. m. and 5 p. m., and Sidney F. Andrews, Esquire, appeared as counsel for defendant Illinois Central Railroad Company. No one appeared as counsel for complainant. The said William Renshaw, being by me first duly cautioned and sworn to testify the whole truth, and being carefully examined, deposed and said, as appears by the deposition hereto annexed.

And I further certify that the said deposition was then reduced to typewriting by me, and after it had been reduced to typewriting, was subscribed by the witness.

And I further certify that the reason why the said deposition was taken was as shown in the opening part of this deposition.

And I further certify that I am not of counsel or attorney to either of the parties, nor am I interested in the event of the cause.

And I further certify that the fee for taking said deposition, $5.00, has been paid to me by the defendant Illinois Central Railroad Company, and the same is just and reasonable.

In testimony whereof I have hereunto set my hand and official seal at the city of Chicago, in the county of Cook and State of Illinois, this 13th day of February, A. D. 1906.

FRANK L. DELAY, *Notary Public.*

Statement of Receipts, Operating Expenses, etc., of the Main Line and Kosciusko Branch, Memphis Division, and Louisville Division of the Chicago, St. Louis & New Orleans Railroad.

Items	Year Ended June 30, 1904	Year Ended June 30, 1905	6 Months Ended Dec. 31, 1905
Gross receipts	$16,932,774 94	$18,562,385 55	$ 9,051,805 14
Operating expenses	11,757,604 81	12,861,750 28	6,576,563 99
Net income from operation	$ 5,175,170 13	$ 5,700,635 27	$ 2,475,241 15
Other income	.....	.....	.....
Net income from all sources	$ 5,175,170 13	$ 5,700,635 27	$ 2,475,241 15
Interest on funded debt and leased line certificates	2,403,040 00	2,403,020 00	1,201,437 50
Rentals of leased lines	12,039 70	12,039 70	6,019 85
Taxes	462,772 29	506,538 04	263,778 00
Dividends	.....	.....	.....
Surplus	$ 2,297,318 14	$ 2,779,037 53	$ 1,004,005 80
Miles of road operated	1,306.27	1,306.27	1,306.27
Amount expended in permanent improvements charged to operating expenses	.....	.....	.....
Amount expended in permanent improvements charged to construction account	$ 3,813,288 04	$ 1,040,666 03	$ 465,971 98
Amount set aside out of earnings for permanent improvements	.....	.....	.....
Funded debt per mile of road*	$ 36,779 68	$ 36,779 68	$ 36,779 68
Capital stock per mile of road*	7,777 80	7,777 80	7,777 80
Total capitalization per mile of road*	44,557 48	44,557 48	44,557 48

*The miles of road operated include mileage of leasehold, Princeton to Gracey, 20.56 miles. The miles of road covered by funded debt and capital stock were 1,285.71 on June 30, 1904, June 30, 1905, and December 31, 1905, and do not contain the 20.56 miles of leasehold.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived. February 10, 1906.

T. M. MILLER,

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R. Co.

Statement of Amount Expended by the Illinois Central Railroad Company on its Lines of Railroad, Including the Lines of Railroad Belonging to the Chicago, St. Louis & New Orleans Railroad Company for Permanent Improvements, Showing the Amount Charged to Capital Account, Amount Not Capitalized and the Total Amount Expended to June 30, 1905.

	Illinois Central Railroad		Chicago, St. Louis & New Orleans Railroad	Total
	Lines North of Cairo	Lines South of Cairo, Excluding Chicago, St. Louis & New Orleans Railroad		
Capitalized	$119,071,573 36	$ 2,177,637 90	$ 70,283,327 41	$ 191,532,538 67
Not capitalized	33,346,919 36	.....	715,243 49	34,062,162 85
Total	$152,418,492 72	$ 2,177,637 90	$ 70,998,570 90	$ 225,594,701 52

Chicago, February 14, 1905.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived.

T. M. MILLER,
Solicitor for Complainants.
SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 10, 1906.

Statement Showing Advances Made to the Chicago, St. Louis & New Orleans Railroad Company by the Illinois Central Railroad Company for Permanent Improvements put upon that Company's Lines for which the Illinois Central Railroad Company has Not Been Reimbursed, nor has the Chicago, St. Louis & New Orleans Railroad Company Issued any Bonds on Account of Said Improvements.

On the Main Line and Kosciusko Branch and Memphis Division.

Main line	547.79
Kosciusko branch	18.37
Memphis division	100.00
Total	666.16 miles

Total to June 30, 1903	$7,344,186 77	
During year ended June 30, 1904	1,151,276 34	
During year ended June 30, 1905	270,801 33	
During 6 months ended Dec. 31, 1905	246,710 14	$ 9,012,974 58

On the Louisville Division—Formerly C. O. & S. W. Railway (619.55 Miles).

Total to June 30, 1903	$1,037,148 72	
During year ended June 30, 1904	2,662,416 33	
During year ended June 30, 1905	869,864 70	
During 6 months ended Dec. 31, 1905	219,261 84	$ 4,788,691 59
Total advances to Dec. 31, 1905		$13,801,666 17

RECAPITULATION.

On the Whole Line (1,265.71 Miles)

Total to June 30, 1903	$ 8,381,335 49
During year ended June 30, 1904	3,813,692 67
During year ended June 30, 1905	1,140,666 03
During 6 months ended December 31, 1905	465,971 98
Total	$13,801,666 17

Chicago, February 8, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived.

T. M. MILLER,

Solicitor for Complainants.

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R. Co.

February 12, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY.

In Equity. No. 13346.

It is hereby agreed that the following extracts from Poor's Manual, if deemed material, may be read in evidence on the trial of this cause:

EXTRACTS FROM POOR'S MANUAL.

Volume for 1876-77, page 477, showing the balance sheet of the New Orleans, St. Louis & Chicago Railroad Company of June 30, 1875.

"Construction and equipment $32,598,667 07
Capital stock 12,158,650 00
Funded debt ..... 21,391,615 00"

Also the following statement appearing at the bottom of said page:

"The cost of construction and equipment as given in the general balance for 1874 was $34,092,477.38. The capital stock is $14,022,650 and funded debt $25,000,000."

Also that part of page 142 of said Manual for 1882 which shows that on September 30, 1881, the New York Central & Hudson River Railroad Company had then outstanding first mortgage 7 per cent bonds due January 1, 1903, to the amount of $22,465,000.

Also that part of page 139 of said volume which shows that on said date, September 30, 1881, said company's capital stock was $89,428,300 and that on that date it had a surplus of $14,752,-664.69, and that during the year ended September 30, 1881, it had paid dividends of 2 per per cent quarterly, which for the year amounted to $7,138,343.51.

And also that part of page 154 of said Manual for 1885 which shows the amount of said first mortgage 7 per cent bonds of the New York Central & Hudson River Railroad Company outstanding on September 30, 1884, as being $30,000,000.

T. M. MILLER,
Solicitor for Complainants.
SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 12, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

MARKET VALUE OF UNITED STATES LAND WARRANTS OR SCRIP IN THE YEAR 1850.

It is hereby stipulated and agreed that the taking of the deposition of Fernando Jones, of Chicago, Illinois, is waived, it being conceded that he would testify that in the year 1850 large amounts of United States land warrants and scrip were for sale throughout the Western country, and that on or about the year 1850 large quantities of these same warrants and scrip could be purchased at the rate of 50 cents per acre. It being agreed that the foregoing statement, if deemed material and revelant, may be read in evidence on the hearing of the above entitled cause.

T. M. MILLER,

Solicitor for Complainants.

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R.

February 12, 1906.

STATEMENT OF GROSS RECEIPTS AND TAXES PAID

YEAR	GROSS RECEIPTS		
	All Illinois Railroads	I. C. R. R. Charter Ln.	Ill. All Ra
1904	$133,092,165	$15,408,086	$117,6
1903	125,039,688	14,666,441	110,3
1902	114,091,543	13,019,512	101,0
1901	107,104,193	11,644,186	95,4
1900	101,750,472	10,891,975	90,8
1899	89,102,914	9,534,617	79,5
1898	87,074,499	9,410,329	77,6
1897	76,796,755	8,622,740	68,1
1896	79,636,446	9,098,321	70,5
1895	73,613,995	8,468,975	65,1
1894	82,038,384	9,717,598	64,3
1893	81,556,452	9,235,666	72,3
1892	79,145,843	8,167,496	70,9
1891	71,039,244	7,442,134	63,5
1890	60,693,745	6,862,150	53,8
1889	60,601,788	6,267,193	54,3
1888	59,844,686	6,016,366	53,8
1887	56,332,694	5,668,200	50,6
1886	54,498,476	5,230,953	49,2
1885	55,964,875	5,309,953	50,6
1884	55,267,828	5,324,449	49,9
1883	57,412,473	5,605,566	51,8
1882	55,141,431	5,575,848	49,5
1881	50,023,804	5,378,078	44,6
1880	47,190,296	4,955,900	42,2
1879	40,973,223	4,613,636	36,3
1878	40,539,980	4,548,455	35,9
1877	39,412,727	4,802,554	34,6
1876	45,054,319	5,226,940	38,8

N ILLINOIS FOR YEARS ENDED JUNE 30, 1876 TO 1904.

ois ds	TAXES PAID: I C. R. R. Charter Ln.	TAXES PAID: Ill. Assessed Railroads	Assessed Railroads, Per Ct. of Gross Receipts	I. C. Charter Line Tax at Same Per Ct. of Gross Receipts as Paid by Assessed Lines	Excess Paid by I.C.R.R.
08	$1,078,566	$4,728,142	4.02	$ 619,405	$459,161
05	1,026,651	4,552,254	4.12	604,257	422,394
64	911,366	4,458,859	4.41	574,160	337,206
65	815,093	4,516,272	4.73	550,770	264,323
81	762,438	4,134,543	4.55	495,585	266,853
51	667,423	4,317,928	5.43	517,730	149,693
79	658,723	3,893,156	5.01	471,457	187,266
01	603,592	3,829,509	5.62	484,598	118,994
84	636,882	3,970,902	5.63	512,235	124,646
75	592,828	3,561,750	5 47	463,253	129,575
79	680,232	3,166,147	4.88	474,219	206,013
05	646,497	3,086,808	4.27	394,363	252,134
63	571,725	2,785,938	3.92	329,166	242,559
14	520,949	2,624,965	4.13	307,360	213,589
39	480,351	2,508,388	4.66	319,556	160,795
48	438,704	2,365,644	4.35	272,623	166,081
02	421,146	2,310,656	4.29	250,102	163,044
14	396,774	1,831,540	3.61	203,522	193,252
43	366,167	1,955,776	3.97	207,669	158,498
30	371,697	1,755,533	3.46	183,724	187,973
14	372,711	1,701,203	3.42	182,096	190,615
05	392,390	1,400,215	2.72	152,471	239,919
77	390,309	1,245,668	2.51	139,954	250,355
04	376,466	1,051,638	2.35	126,385	250,081
35	346,913	1,239,122	2.93	145,208	201,705
99	322,955	1,901,144	5.23	241,293	81,662
53	318,392	1,633,661	4 54	206,500	111,892
92	336,179	1,331,713	3.85	184,893	151,281
31	365,886	1,679,945	4.33	210,802	155,084

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement, subject to exception for relevancy and materiality, shall be deemed and treated as proved for the purpose of this cause, and if deemed material and relevant may be read upon the hearing of said cause.

T. M. MILLER,
Solicitor for Complainant.

SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 10, 1906.

1419 *Answers to Questions in the Case of the Central Yellow Pine Association versus Illinois Central Railroad et al, to T. F. Steele, at Nashville, Tenn., on February 9th, Answers not Given at the Time.*

Filed April 19, 1906.

2 Question. "You filed with your testimony before the Commission Exhibit No. 2, which was a statement showing by months, January to October, inclusive, 1902 and 1903, shipments of lumber via the N. O. & N. E. R. R. and A. & V. Ry., from Mississippi and Eastern Louisiana points to points on and north of the Ohio River, including points East of the Mississippi River and West of the Buffalo-Pittsburg line.

"Have you for the purpose of comparing the movement to the same territory of destination, caused to be correctly compiled a statement showing the movement via the N. O. & N. E. and A. & V. Rys., during the years 1902, 1903, 1904 and 1905? If so please file said statement as Exhibit No. 1 to your testimony, and state briefly what it shows."

2 Answer. From	N. O. & N. E. R. R.	1902.....	12443
"	"	1903.....	12428
"	"	1904.....	9910
"	"	1905.....	12987
"	A. & V. Ry.	1902.....	1706
"	"	1903.....	1329
"	"	1904.....	1074
"	"	1905.....	1063

12 Question. "State whether or not the prices of yellow pine lumber used by the N. O. & N. E. R. R. have decreased or increased since 1903, and if so, by what per cent?"

12 Answer. I attach exhibit marked "AA" showing the prices of yellow pine lumber paid by the N. O. & N. E. R. R. during May, 1904, and the prices paid at the present time, showing average increase of 50.6% in present prices as compared with May, 1904.

13. Question. "What increase, if any, has there been in the prices of materials used by the N. O. & N. E. R. R., other than lumber, and in wages paid to employés since February 1st, 1904?"

13 Answer. The increase in the price of coal since February, 1904, is 6%. The prices of other material vary but slightly. Wages advanced are as follows:

Trackmen	10 to 15%
Through Freight Conductors.....	8%
Wood Workers in shops.....	8%
Painters	4%
Cleaners	10%
Laborers	14%

New Orleans, La.
February 24th, 1906.
(Signed) T. F. STEELE.

1420 EXHIBIT AA. TO T. F. STEELE.

Prices Paid for Lumber.

	Feb. 1904	Feb. 1906
5 x 8 x 16	11.50	16.00
6 x 8 x 9	11.00	15.00
2 x 6 x 16	11.50	15.00
8 x 16 x 25	14.50	22.00
1 x 6 x 16	10.00	18.50
12 x 12 x 14	11.50	20.00
Switch Ties	10.00	14.00
Average	$11.43	$17.21
Average Increase	$5.78 per 1000 feet.	
Percentage of Increase	50.6%	

1421 *Printed Testimony Taken at New Orleans for Complainant.*

Filed April 30, 1906.

United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION.
versus
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

1422 United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION
versus
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Testimony taken in behalf of complainant at the office of T. M. Miller, Esq., 824 Common Street, New Orleans, La., by consent, before Charles F. Fletchinger, Esq., Notary Public, on Tuesday, March 27th, 1906, at ten o'clock A. M.

Appearances:

W. W. Howe, Esq., U. S. District Attorney.
T. M. Miller, Esq., Special Assistant U. S. District Attorney.
Marcellus Green, Esq., of Counsel.
For Complainant: Ed. Baxter, Esq.
For Defendants:

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1424 T. J. STEWART, produced, sworn and examined as witness for complainant, gave testimony as follows:

Direct examination.

By Mr. MILLER:

Q. Mr. Stewart, where do you reside?

A. In Harrison County, Mississippi; Mississippi City.

Q. How long have you lived there?

A. I have lived there about thirty-three years.

Q. Were you receiver, under appointment of the Circuit Court of the United States for the Southern District of Mississippi, in a certain proceeding against the Gulf and Ship Island Railroad some years ago?

A. Yes, sir.

Q. How long did you occupy that position of receiver?

A. I think it was about two years.

Q. Colonel Stewart, while you were receiver of the Gulf and Ship Island Railroad Company, was any portion of its railroad constructed?

A. Yes, sir; there was about twenty (20) miles that had been constructed three or four years before, I think.

Q. And then during your receivership was any part of it constructed?

A. That part was all taken up and rebuilt, bridges and all of the culverts.

Q. While you were receiver?

A. Yes, sir. That is, it was done under contract, when the entire road was being built.

1425 Q. When you speak of the entire road, you mean between what points?

A. Gulfport and Hattiesburg.

Q. Do you know the distance between Gulfport and Hattiesburg?

A. Seventy or seventy-one miles. I can't remember.

Q. While you were receiver, do you know whether you made a contract, as receiver, with the Bradford Construction Company to complete and equip any portion of that line?

A. Yes, sir.

Q. What was the portion.

A. They to build from Gulfport to Hattiesburg.

Q. Have you a copy of that contract?

A. No, sir; I have not; I think it was filed in the Court.

Q. I want to say that up to date we have not been able to get the record. The clerk is looking for it. What was the contract, do you remember? What did it call for?

A. They were to build the road, rebuild the old road which was in a very dilapidated condition. The bridges were down. They were to rebuild the old road and complete it on to Hattiesburg for six hundred thousand ($600,000.00) dollars. I think the contract called for two locomotives and two or three passenger coaches and some box cars and flat cars. I don't remember exactly the number.

Q. Did that contemplate switches and side tracks?

A. Yes, sir; switches, side tracks and depots.

Q. What character of road was to be built?

A. What character of road the contract called for?

1426 Q. Yes.

A. A very good road, sir. I think it was about eleven feet crown. The road originally had been graded to Hattiesburg, but of course much of the grade had been washed off, and there were no bridges at all. The grade had been very much washed, requiring much work on the grade and the cuts, many of them had filled.

Q. Do you know whether the grading had extended all the way to Hattiesburg?

A. Yes, sir; it had gone all the way to Hattiesburg.

Q. Well, was that work finished under your jurisdiction, while you were receiver?

A. It was almost completed. I don't think there was more than half a mile uncompleted; it was almost entirely all complete.

Q. Do you recall how it was paid for?

A. It was paid for in receiver's certificates, six hundred thousand dollars ($600,000.00) in receiver's certificates.

Q. Do you remember when the Gulf and Ship Island Railroad itself took possession?

A. Sir?

Q. Do you remember when the Gulf and Ship Island Railroad itself took possession?

A. I think the first mortgage bond men took possession of the road.

Q. Was that Ham?

A. No, sir; I think there was some compromise made between the Bradford Construction Company and the first mortgage holders. I do not know their arrangement, because it was a private affair. The matter was taken out of court and they arranged the affairs.

1427 Q. Was the contractor to furnish rails, ties and the other things you spoke of, locomotives, etc.?

A. Yes, sir.

Q. Did you go over the work while it was being done?

A. Yes, sir.

Q. And you say it was in bad condition?

A. It was washed out a great deal. The road, you know, prior

to being completed—the fills and cuts—not having been used for several years, were washed in different places.

Q. Did you make an estimate at that time of what it would cost to build it, if you had the money to do that work?

A. I did not make an estimate myself, because I was rather green at that sort of business. I did not know anything about estimating railroads.

Q. Did you know of anything unfavorable to the building of railroads, from an engineering point of view, along that line? What is the topography of the country?

A. Flat, I think, until you get back about six miles, and then it is hilly from there *there* until you get near Hattiesburg, when it is rather flat again.

Q. You speak of hills. Do you mean large hills or rolling country?

A. It is rolling country. No tremendous hills, but rather rolling country. Many of the hills in the line of the road seem to have been skipped. The road is quite crooked and runs around some of the hills.

Q. They do—they do not go through the hills always?

A. Not always. They have some pretty good cuts though.

1428 Q. Have you ever been over the line of the railroad between Maxie and Columbia?

A. No, sir.

Q. You are not familiar with that at all?

A. No, sir.

Q. And between Hattiesburg and Jackson—the extension?

A. No, sir.

Q. Have you made any effort to find the original contract that you had?

A. Yes, sir. I have looked for it among my papers, but I think it has been turned into the court—the contract. I found the order from the court for me to turn it into the court.

By Mr. MILLER:

Counsel for complainant states that he has corresponded with the clerk of the United States Circuit Court for the Southern District of Mississippi, in an effort to get the record of that case and the contract referred to, but that the clerk reports that he has so far been unable to find it, but that he is continuing the search. If the record can be found and that contract appears, it will be produced; otherwise its loss will be proven by the clerk of court, unless a certificate will be accepted.

(Certificate of Clerk in Appendix.)

By Mr. BAXTER:

The statement of counsel will be accepted; counsel for defendants has no objection to the certificate of the clerk of the court, if he cannot find the record, in lieu of his deposition.

1429 Cross-examination.

By Mr. BAXTER:

Q. How many miles of the Gulf and Ship Island Railroad was in actual operation at the time you entered upon your receivership?

A. I don't remember whether they were operating—yes, I think they were—twenty miles, I think, operated once in a while, and after I became receiver, I allowed a man to operate the road for a short space of time, but the ties being so rotten, I was afraid he would injure the rails, so I stopped him.

Q. Who originally built the Gulf and Ship Island Railroad between Gulfport and Hattiesburg?

A. The Gulf and Ship Island Railroad Company.

Q. Was it for the default of that Company that you were appointed receiver?

A. Yes, sir; it was. The road went right down and it remained that way two or three years, and then the Board of Supervisors of Harrison County, that county having a lot of the stock of the Gulf and Ship Island Railroad Company, they forced it into court and I was appointed receiver.

Q. Do you know whether it was built by the Gulf and Ship Island Railroad Company direct, or through the means of some contracting company?

A. No, sir; I think it was built with the convicts from the penitentiary, and the latter part of it—I think some five or six miles of it—was built, I think, by contract. I will not say that positively, because that was before I was there.

1430 Redirect examination.

By Mr. MILLER:

Q. The persons in charge of the Gulf and Ship Island Railroad Company before you became receiver had a lease of the convicts of the Mississippi penitentiary?

A. Yes, sir.

Q. Hamilton and Hoskins?

A. Yes, sir; or Hamilton & Hoskins Company.

Q. Unless the Gulf and Ship Island Company itself had the lease?

A. Yes, sir.

Q. Did the convicts, under that lease, do that grading which you speak of?

A. Yes, sir.

Q. Do you recall what consideration was paid by the lessee or lessees of the convicts for their labor?

A. No, sir.

Q. Do you remember what amount of bonds were turned over to the State at the time of the final settlement of the affairs of the Gulf and Ship Island Railroad?

A. No, sir.

NOTE.—Signature waived.

W. W. BUTTERFIELD, produced, sworn and examined as witness for the complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. Have you already testified in this case before the Interstate Commerce Commission?

A. I have.

1431 Q. What connection have you with the Butterfield Lumber Company?

A. I am secretary.

Q. Have you caused to be prepared a statement showing the manufacturing cost of lumber for 1903, 1904 and 1905, and the net average selling price of lumber for 1904 and 1905, of the Butterfield Lumber Company?

A. I have.

Q. State whether or not that statement is correct.

A. So far as my knowledge and my ability of securing same from our books goes, it is.

Q. Will you kindly file it as Butterfield Exhibit 1, to your testimony—the statement so prepared?

A. I will and I do.

(Document is filed as "Butterfield Exhibit 1.")

Q. I note there is no selling price for the year 1903 upon the exhibit, "Butterfield Exhibit 1," just filed to your testimony. Why was this omitted?

A. On December 17th, I believe, we had a fire in the office—we lost the office and all our records, and I was unable to arrive at any selling price on that account—because of the loss of the records. I was unable to arrive at any selling price on that account.

Q. I notice that in the average selling price of 1905 it is put at $15.08 a thousand. State what was the character of lumber, in the main, that was covered by that selling price, and make any explanation in respect thereto that you desire?

A. In 1905 we had a very large percentage of high grade flooring and ceiling for the New England and Boston market, which

1432 costs much more to manufacture than lower grades of lumber. Our proportion for that year was practically one-third of our output of that class of lumber, which is a much larger percentage than on our lower grade. That would bring the average of cost up higher on that account—the average selling price and the net selling price.

Q. What effect does the proportion of this higher grade of lumber have in respect to increasing or diminishing the cost of production?

A. It increases the cost of production greatly.

Cross-examination.

By Mr. BAXTER:

Q. Mr. Butterfield, please explain what you mean by the average selling price?

A. That is what our sales average at the mill, after deducting the freight charges, and expenses attendant upon the sale—the price we receive for the lumber F. O. B. at the mill.

Q. Is it arrived at by getting the total amount of sales and dividing by the total amount of feet sold?

A. By taking the delivery price, less the freight and commissions for selling that per car. The cars are averaged up at the end of the year. We have monthly statements, and that combination of monthly statements makes up the yearly average. May I refer to your previous question, as to whether my average is based on the number of feet?

Q. Yes, sir.

A. It was.

(Signature Waived.)

1433 SILAS W. GARDINER produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. What connection, if any, have you with Eastman, Gardiner & Company, of Laurel, Mississippi?

A. Treasurer.

Q. How long have you been its treasurer?

A. Since 1891, I think.

Q. Have you caused to be prepared a statement of the average prices received per thousand feet for the lumber production of Eastman, Gardiner & Company for 1904 and 1905?

A. I have.

Q. Also the cost of manufacturing the lumber, including stumpage, for the same period? Did you also have that statement correctly prepared?

A. To the best of my knowledge, it is—it is taken from the books of the company.

Q. Will you kindly file as Gardiner Exhibit 1 to your testimony and attach it thereto, the statement so prepared?

A. I will and I do.

(Said statement is filed and marked "Gardiner Exhibit 1" for identification.)

Q. On what basis is stumpage charged in that account?

A. For 1904 it is $2.50, and for 1905 it is $3.00.

Q. State whether or not the respective sums of $2.50 and $3.00 for 1904 and 1905 respectively correctly state the value of stumpage at those dates?

1434 A. I think those figures very closely represent the value of stumpage during those two years.

Q. Do you know how many cars of lumber Eastman, Gardiner & Company shipped during the years 1904 and 1905 north of the Ohio River?

A. I do not. I have not the statement with me. We made up such a statement.

Q. About how many?

A. Well, really, I have not seen the footing in so long, that I have forgotten.

Q. What would you say as to Omaha, Nebraska, as being a fair illustration as a point for ascertaining the per ton per mile of lumber shipments from this territory?

A. I would say that such shipments bear a considerably less charge per ton per mile than into central territory north.

Q. To what extent were shipments made by Eastman Gardiner & Company during 1904 and 1905, to Omaha, Nebraska?

A. I could not tell the percentage; only a small amount as compared with them all—very small.

By Mr. MILLER:

Q. I believe Eastman, Gardiner & Company sold the portion—I believe what is called the Laurel Branch of the Gulf and Ship Island Railroad Company—to that company?

A. Yes, sir.

Q. I believe the contrac- is in evidence in this case?

A. I am not sure. The deed.

Q. I would like to ask you what the price paid for it was?

A. They paid as $8,000 a mile.

1435 Q. How many miles were constructed?

A. Well. I believe at the time we sold there were only about fourteen (14) miles constructed, but the contract called for about twenty (20) miles, which we completed. The price was one hundred and sixty thousand dollars ($160,000.00).

Q. The price was $160,066.00?

A. Yes, sir.

Q. How does this road, constructed by your company, compare with the rest of the branch—you sold a portion of the branch; how does that compare with the rest of the branch?

A. Fully as good; we think better.

Q. Is it standard gauge?

A. Yes, sir.

Q. Modern rails, or second hand rails?

A. Second hand rails, purchased of the New Orleans and Northeastern Railroad.

Q. How are the rails on the balance of the line?

A. I don't remember whether they put in any new rails.

Q. Was it superior to the average logging road—what you sold at that time?

A. Very much.

Q. What was the weight of the rail on the line you sold to the Gulf and Ship Island Railroad?

A. I could not say positively whether it is 56 or 60, but I think a 60 pound rail.

Q. Do you know whether the balance of the rail between the point where you left off and the end of the Laurel Branch, on the

main line of the Gulf and Ship Island Line is the same or of superior kind?

A. I do not.

1436 Q. How far is it from Laurel to the terminus of the Laurel Branch on the main line?

A. About forty-two miles.

Q. Then the Gulf and Ship Island itself built twenty-one miles, to complete it?

A. I think they built twenty-two miles.

Q. Do you know whether there is any heavy grading on that line?

A. No, not exceedingly heavy grades.

Q. Do you know what it cost you originally to build that twenty miles which you sold?

A. It cost us about six thousand dollars ($6,000) a mile.

Q. Including rails and ties?

A. Yes, sir.

Q. What about the equipment you put on it, if any?

A. We did not sell any of the equipment.

Cross-examination.

By Mr. BAXTER:

Q. Mr. Gardiner, was the eight thousand dollars ($8,000.00) a mile that you received for the road the total consideration, or what, if any, other consideration did you get?

A. We sold to the Ship Island—Gulf and Ship Island Railroad Company—this twenty miles of road, and reserved the use of it for our logging business.

Q. Do you still exercise that right of shipping over that road?

A. We do.

Q. Do you move over that road all of the logs you manufacture—all lumber you manufacture?

A. All of the logs we do.

1437 Q. You built it originally for that purpose, did you not?

A. We did.

Q. So you still get all of the use of the road that you ever did, and got eight thousand dollars ($8,000.00) a mile in addition?

A. We did.

Redirect examination.

By Mr. MILLER:

Q. Did or not your company assume any obligation connected with that reservation in respect to the shipment of your manufactured product over the Gulf and Ship Island Railroad?

A. It was part of the contract that we should give the Gulf and Ship Island Railroad the right of preference in all lumber shipments and ship all of our lumber over that line where the market was tributary, whenever that company supplied cars, and whenever the rate of that route was as low as other rates in contiguous territory.

Q. Where the freight rates were equal to common points, you were bound to give the shipments to that road under your contract?

A. We were.
Q. As a matter of fact, over what line does your lumber usually go now?
A. Over the Gulf and Ship Island—the largest portion of it.
Q. In connection with the Illinois Central?
A. In connection with the Illinois Central.

By Mr. BAXTER:

Q. Didn't your company reserve the right not only to use the part of the road that you sold to the Gulf and Ship Island Rail-
1438 road Company, but also the right to use the entire branch, making forty-two miles of road, when you sold only twenty-one miles?
A. We did, by furnishing the right of way for the additional twenty-two (22) miles.

By Mr. MILLER:

Q. Did you furnish the right of way?
A. We furnished the additional right of way.
Q. That use was confined to logs on your part?
A. Logs and supplies.
Q. For the camp?
A. For our business.
Q. You don't mean to say that you could send your trains to Saratoga and send in supplies from there to Laurel?
A. If we were logging as far out as Saratoga, we would have the right to send in logs and camp supplies and help.
Q. I don't understand you could run your trains to carry supplies to Laurel over that entire road continually?
A. No.

(Signature Waived.)

1439 C. W. ROBINSON, produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. MILLER:

Q. Mr. Robinson, I will ask you, in the first place, whether you have already testified in the suit of the Central Yellow Pine Association *vs.* Illinois Central Railroad Company, and other railroads, before the Interstate Commerce Commission?
A. I have.
Q. Mr. Robinson, do you know whether or not the Illinois Central Railroad Company issued a tariff, effective on March 27th, 1905, entitled "Tariff B 12013, I. C. C. 3153," on cross ties from the territory of the Central Yellow Pine Association to points beyond the Ohio River?
A. I do.
Q. What was the rate and how long was it in effect?
A. The rate applied to sawed and planed cross ties and was twenty-six cents per tie over the main line of the Illinois Central between

Luzon, Louisiana, and Pearl, Mississippi, covering substantially the territory through which the Illinois Central passes and on which long leaf yellow pine grows. By this tariff agents were instructed to bill the ties as weighing one hundred and sixty-five (165) pounds per tie, which would make the rate to Chicago about seventeen and a half (17½) cents per hundred pounds, as against twenty-six (26) cents per hundred pounds, the regular tariff rate prior to the issuance of this tariff.

Q. Well, was that the specific tariff per tie, or instructions as to the weight at which they were to be put?

1440 A. The tariff called for a rate of twenty-six (26) cents per tie, but instructed that the tie should be billed as weighing 165 pounds per tie.

Q. As a matter of fact, what is the average weight of cross ties sawed and planed—yellow pine cross ties—if you know?

A. The weight, of course, varies with the size of the ties. Myself and some other lumber manufacturers either bid or figured on bidding on a particular lot of ties which it was understood this particular tariff was to cover, and we estimated their weight at one hundred and forty (140) pounds per tie.

Q. Did you make any experiments to ascertain the weight of the ties?

A. The manufacturer generally estimates that the weight of such ties and timbers shipped green is four and a half (4½) pounds per foot board measure; figuring on this estimate the ties weigh 140 pounds per tie.

Q. What contract was that you spoke of Mr. Robinson, on which yourself and other manufacturers bid or were figuring on bidding?

A. It covered about four hundred (400) carloads for the Southside Elevated Railway Company, Chicago.

Q. Well, when you figured on that contract, Mr. Robinson, was this tariff that you speak of now in effect or had notice ever been given out?

A. It was not in effect and notice had not been given.

Q. On what rate were you figuring?

A. On the blanket or standard rate of 26 cents per one hundred pounds.

Q. Do you know whether anybody in the territory of which you have spoken got that contract or any part of it?

1441 A. My understanding is that the ties were furnished from the line of the Illinois Central road between Luzon, Louisiana, and Pearl, Mississippi.

Q. By whom, do you know?

A. I do not.

Q. At the time the ties were sent forward, do you know whether or not this tariff of which you have spoken had become effective?

A. This tariff was superseded by another tariff almost immediately, to-wit: Tariff C 12013 I. C. C. 3171. The new tariff named the same rate per tie, but stated that the ties should be billed as weighing one hundred and thirty (130) pounds instead of 165 pounds.

Q. What would that have made the rate per hundred pounds to Chicago?

A. Twenty cents.

Q. Twenty cents?

A. Yes, sir; 20 cents a hundred.

Q. In what respect do cross ties—sawed cross ties—differ from other lumber, if any?

A. In no respect; as compared with other timbers and green material, the word "cross ties" being a name applied to such material just as the term car sills, car siding, etc., would be applied to green lumber that enters into the construction of cars.

Q. Did you have in your possession a copy of the tariff that you first spoke of and of the other tariff that superseded it?

A. I did.

Q. What did you do with them?

A. I had them with me in Washington, in February, 1905, and that was the last time I remember seeing them. It is quite
1442 possible that they were filed with the Senate Committee on Interstate and Foreign Commerce.

Q. February, 1905?

A. Yes, sir; I think in February, 1905.

Q. The date when the tariff became effective was March 22nd, 1905, in one case, according to this memorandum?

A. I don't know what became of the tariff. I made search among my papers but could not locate them.

Q. Where did you get them?

Q. From the Illinois Central people.

Q. Well, is the second one of those tariffs you have mentioned still in force?

A. I don't know whether either of them are—whether the second is in force or not.

Q. Did you actually make a bid on that contract, Mr. Robinson?

A. My recollection is that we did bid on a part of the lumber and my recollection is that all bids had been rejected, because they were too high.

By Mr. MILLER:

Counsel for complainant states that he will endeavor to procure from the Interstate Commerce Commission and file in evidence in this cause certified copies of the two tariffs spoken of by the witness, unless same can be obtained from the Illinois Central Company.

No cross-examination.

(Signature Waived.)

1443 At this point the hearing of testimony was adjourned, it being the hour of twelve o'clock noon, until the hour of two o'clock p. m. of the same day, at the same place.

Resumption.

According to above adjournment, the proceeding was resumed at the same place, at 2 o'clock p. m. on the same day, same counsel in attendance for all parties.

NATHANIEL G. SCOTT, produced, sworn and examined as a witness on behalf of the complainant, testified as follows:

Direct examination.

By Mr. MILLER:

Q. What is your business?

A. Contracting and railroading.

Q. Will you please state whether or not you had a contract with the Gulf and Ship Island Railroad Company or with the Bradford Construction Company for the construction of any part of the railroad now owned by the Gulf & Ship Island Railroad Company between Laurel and Saratoga, Mississippi?

A. Yes, sir; I had the contract with the Bradford Construction Company.

Q. It had the contract for construction from the railroad?

A. Yes, sir.

1444 Q. Mr. Scott, have you that contract now, and, if not, where is it? Is this your contract? (showing witness a document in counsel's hand.)

A. That is the contract and the bill for the work, but in that bill is included some extra work on a wash-out. I don't remember how much, but I think it states how much that amounts to.

Q. Have you any objection to our using this, if it is returned to you afterwards?

A. No, sir.

By Mr. MILLER:

Counsel for complainant produce and offer in evidence the contract identified by the witness, marked "Scott 1."

By the WITNESS:

It has been so long that I don't know if I could state how much of it was for the wash-out, but I think the bill shows.

Q. What is this called "force account" on this bill?

A. It covers everything on the bill except the contract proper—contract price.

Q. What was the general character of the country through which that road was built, Mr. Scott?

A. Slightly broken, though the line we were building on was a pretty level line—a low line rather.

Q. Did you begin where the road built by the Eastman—Gardiner people ended?

A. Yes, sir.

Q. What were you to do under the contract?

1445 A. I was to do the grading, the trestle work, pile driving, which is included in the trestle work, and lay the track. They were to furnish me with the ties and rails promptly.

Q. What was the distance—what was the length of road to be constructed by you?

A. Twenty miles, I think.

Q. I believe you did not complete it?

A. I completed all except possibly one or two trestles, and perhaps two or three miles of track.

Q. Do you remember, Mr. Scott, about what your contract called for in dollars and cents, for the building of the road and the laying of the track?

A. Well, the contract did not specify the total amount—it just itemized it—so much a foot for building trestles and driving piles, and so much a mile for track laying, and so much a cubic yard for grading—road bed measurements; I think 11 cents road bed measurement; that means both ways where you have to cut and take the cut out and make a fill out of it; you get paid for two yards for every yard that comes out of the cut.

Q. Mr. Scott, do you remember about what the aggregate amount was or would have been under that contract, about, for the completion of the entire twenty miles, for your share of the work?

A. In that is included some force account work too. I don't know just how much, but probably $700 or $800.

Q. By the way, does that account show how much was paid you for your work? How much paid by the Bradstreet Construction Company?

A. Yes, sir; it shows more than was paid me, but that shows what I should have received.

1446 Q. Your bill, Mr. Scott, August 31st, 1899—is this the entire bill?

A. Let me see, General, please (witness looks at document). Sixty-four thousand, three hundred and thirty-four dollars and forty-four cents ($64,334.44). Here is 40 gallons of coal tar for Leaf River Bridge, billed for extra work, filling an embankment in January, $229.17. That is extra work or force work—force account. Here is March 30th, force account for feed, $179.69; also force account at Leaf River April and May, $487.57. That was for rebuilding the road after I had completed it and they had received it. I had laid the track and they were operating it temporarily. Station 2020 to Saratoga, $432.77.

Q. What was that for?

A. For force account. That is for putting in where it had washed out. Then here is timber furnished Leaf River cribbing, $124.69; peeling bills O. K.'d by P. King, their engineer—resident engineer, $5.75; cribbing and filling washing-out in June, $153.15.

Q. Well, the items that you have mentioned——

A. That is force account.

Q. Outside of the contract?

A. Yes, sir.

Q. The total amount of your bill was how much, Mr. Scott?

A. The total amount was sixty-four thousand three hundred and thirty-seven dollars and forty-four cents ($64,337.44).

Q. On which you had been paid at that time how much?

A. Sir?

1447 Q. On which you had been paid at that time how much? The contract shows that you had been paid at that time how much?

A. It does not show.

Q. I thought it did—you have a balance due?

A. $35,414.15.

Q. I believe you settled that balance for ten thousand dollars ($10,000)? The balance that they owed you?

A. Yes, sir.

Q. Who paid the bill—who paid that? The Gulf & Ship Island Railroad?

A. Captain Jones.

Q. Did he pay it for the Gulf & Ship Island Railroad or for the Bradford Construction Company?

A. I don't know; I suppose for the Bradford Construction Company.

Q. Your contract was with the Bradford Construction Company?

A. Yes, sir.

Q. Mr. Scott, can you state to me how much your bill would have been—about how much more—if you had completed the road all the way to Saratoga?

A. It would probably have been three or four thousand dollars more. The grading was all done. There were only a couple of miles of track to lay and a couple of small bridges.

Q. What kind of iron was laid on that road?

A. It was relay rails—second hand rail.

Q. Gotten from the Northeastern, was it not?

A. I believe they got some from the North Eastern Road.

Q. What weight rail, do you remember?

A. Forty, I think, and sixty pounds.

1448 Q. About 40 and 60?

A. Yes, sir.

Q. Was it uniform?

A. No, sir; it was not. Not all the same size.

Q. Did they use the 40 pound rail for side tracks?

A. On the main track—where I commenced first. The first rail I laid was 40 pound rails I believe. No, it was the last rail I laid—Saratoga rail. The first rail I laid was on the Laurel end and I think came from the Northeastern road.

Q. Do you remember the weight of them?

A. I think 60 pounds.

Q. Well, Mr. Scott, were you interested in a contract for the building of any part of the Columbia and Lumberton branch?

A. Yes, sir.

Q. You were in partnership with whom in this matter?

A. I. C. Alexander.

Q. Do you know how many miles of that road were built by Alexander or under that contract?

A. No, I don't remember now. From Lumberton to Columbia?

Q. Yes, sir. Do you recollect what amount per mile was paid under the Alexander contract for the work, or about?

A. No, sir, I don't remember. I had that item once, but I don't know what I did with it.

Q. Do you remember whether it was any more expensive than the Laurel branch?

A. Yes, sir.

Q. More expensive?

1449 A. Yes, sir. More bridges and bigger bridges and trestles and a good deal heavier work. It ran through a more broken country. We took up the branch road commencing at Maxie, and carried it on to Columbia. I believe the Columbia Branch is a continuation of the Maxie and Lumberton Branch.

Q. Had any part of the railroad been built west of Lumberton?

A. There might have been. I believe there was a half mile or about a half mile outside of Lumberton—that is, from Hinton's mill.

Q. Do you remember the length of the road built under the Alexander contract between Lumberton and Columbia?

A. No, I don't. I went up there and started the work and then subbed the grading all out to George M. Andrews.

Q. At what price?

A. Eleven cents.

Q. And your contract was for how much?

A. Fifteen cents.

Q. Can you recall the gross sum paid for the work done under the Alexander contract—in the neighborhood of it?

A. No, sir; I don't remember now.

Q. Was it over a hundred thousand dollars ($100,000)? Can you remember that?

A. I think it was.

Q. Can you remember whether it was much more than a hundred thousand dollars?

A. Well, not positively, but I have an idea it would probably run about one hundred and forty thousand dollars ($140,000).

1450 Q. As high as that?

A. I am not sure about that because at the wind up I never asked for any of the details. I knew about what was there at that time—the quantities. We don't pay so much attention to the miles as to the stations; that was what we looked to.

Q. What was the length of your station?

A. One hundred feet.

Q. Settlement under that contract was made with your partner, Mr. Alexander?

A. Yes, sir.

Q. You can't recall now what your share of the profits was?

A. Well, it was not very much—my share of the profits.

Q. Well, according to your best recollection then, you say the

amount paid under that contract was about one hundred and forty thousand dollars?

A. Well, that is my idea. Of course, I don't say that I am correct.

Q. Well, did the contract require the same sort of work as the Laurel Branch contract? That is to say, the grading and filling and track laying?

A. Yes, sir; about the same specifications.

Q. And you say you don't recollect the length of the line?

A. No, sir; I do not.

Q. Mr. Scott, are you familiar with the line of that road between Hattiesburg and Jackson, Mississippi, or any part of it?

A. No, sir; I was not over it except to Saratoga.

Q. Have you been over the line between Saratoga and Hattiesburg?

1451 A. Yes, sir.

Q. What is the character of the country there—is that road built in the flat?

A. Yes, sir; it is flat country.

Q. Do you know of any reason why it should cost more to build a railroad between Saratoga and Hattiesburg than between Laurel and Saratoga?

A. Well, yes, sir, if they want to get above high water. A railroad can't run very well in the water. If they want to get above high water, I should think—when I was over there they had a surface grade and the road was covered with water and the track was washed away and logs lying across the track. A railroad can't operate like that. So I would think it would be necessary for them to raise the fills in order to be safe probably five or six feet and perhaps more than that in places. I think about an average of five or six feet from Saratoga, to make it safe.

Q. How much more would that cost?

A. How much?

Q. Yes?

A. A great deal more.

Q. Give an idea? Twice as much?

A. Let me see. I guess it could cost ten times as much and more perhaps. When you lay your track first and lay your road bed afterwards, it is very expensive work.

Q. You don't mean to say it would cost anything like thirty thousand dollars a mile for it?

A. I think there are miles where you could not do it for thirty thousand dollars.

Q. How many?

1452 A. I don't know. Some places are very low. I was told the water was three and four feet deep two or three times in one place.

Q. How much of that country is there about, Mr. Scott—how many miles?

A. I don't remember about what the distance is from Hattiesburg up there to Saratoga, but even right there at Saratoga, if they are

above water there, then they have an eight foot fill. I have seen the water three feet over the track.

Q. At that time the road was on the bottom?

A. Yes, sir, or on about a two foot fill.

Q. Do you remember the distance from Saratoga to the high country before you get to Hattiesburg?

A. No, sir; I do not. I think it is down there about by some springs. I don't know how far that is from Hattiesburg.

Q. There are only a few miles of that sort of country? Five or six miles?

A. I think more than that. I don't know, though. It is about thirty or forty miles, I believe, from Hattiesburg to Saratoga. I am not sure about that. That is as well as I can remember.

Q. I am talking about the low country?

A. I think the low country would cover three-fourths of that distance. May be more.

Q. You don't know. You only saw it from the car?

A. I saw it several times. I had my camp at Saratoga and went from there to my home. I was living at Bay St. Louis. At that time the road bed was right down on the surface of the ground.

Q. Don't you know, Mr. Scott, that that road still overflows?

1453 A. No, sir; I don't, because I have not been there in a good while.

Q. It is a matter of notoriety that it does?

A. It may be, but I have been told that they have rebuilt the Laurel branch a couple of times since I got through there.

Q. You don't know that yourself?

A. No, sir.

Q. Nor do you know whether they have arranged the track to any extent in the low ground you spoke of?

A. No, sir. I don't.

Q. How much of the land between Laurel and Saratoga is subject to overflows?

A. I suppose there is about probably seventeen miles out of the twenty that very high water would go over it.

Q. Very high water?

A. Yes, sir; I think that is about the way of it.

Cross-examination.

By Mr. Baxter:

Q. Mr. Scott, I notice in your contract that you stipulate, among other things, for log culverts, $30.41?

A. Yes, sir.

Q. Were all the culverts built—did you build all the culverts with logs?

A. No, sir; a few box culverts were put in. We had no contract price for them; they allowed me something for them—I don't remember what it was.

Q. Do you know the fact that since you worked there, they have,

in many instances, replaced the old log or box culverts with terra cotta or iron pipe culverts?

1454 A. No, sir, I don't know, but I would think they would have had to do something of the kind.

Q. Your contract calls for one Howe truss bridge from the Lee River?

A. Yes, sir.

Q. That was built of wood?

A. Wood and iron.

Q. Do you know the fact that that has been replaced by a steel and iron bridge?

A. No, sir.

Q. You have not been over the road?

A. No, sir.

Q. Under that contract you were not forced to supply the iron?

A. No, sir; only to lay the track, they to furnish the ties, rails and spikes and washers, and everything that went with it.

Q. Do you know whether or not they have in fact raised the track very considerably since you worked on the road?

A. No, sir; I have not been over that line, I don't think, but once or twice since I quit work.

Q. Your contract did not call upon you to furnish any equipment—locomotives or cars or anything of that kind?

A. No, sir.

Q. When you left work was the track ballasted at all?

A. No, sir.

(Signature Waived.)

1455 I. C. ENOCHS, produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. You have testified on a former occasion in this suit?

A. I have.

NOTE.

It is agreed by counsel that the preliminary report of the Interstate Commerce Commission on the income accounts of railways in the United States for the year ending June 30th, 1905, prepared by the statistician to the Commission, in printed form, may be used in evidence without a copy thereof being filed in evidence, and each party to give notice to the other of the portions of the report desired to be used in evidence.

By Mr. GREEN:

Counsel for complainant gives notice that it will use in evidence the following portions of said report:

Group 5, pertaining to the Alabama & Vicksburg Railway, and that pertaining to the Cincinnati, New Orleans, Texas & Pacific Railway (page 38), and to the Louisville & Nashville Railroad Company line, south of the Ohio River (page 38), and the Gulf & Ship

Island Railroad (page 38), also the Illinois Central Company line, south of Cairo (page 38), the Southern Railway line west of Virginia and the Carolinas (page 40), the Alabama & Great Southern Railroad (page 40), the Mobile and Ohio Railroad line
1456 south of Cairo (page 40), the New Orleans & Northeastern (page 40).

In Group 6, the Illinois Central Railroad line north of Cairo (page 44), the Southern Railway (page 46), the Mobile & Ohio Railroad line north of Cairo (page 46), the Louisville & Nashville Railroad line north of the Ohio River (page 42), and,

In Group 4, the Southern Railway line in Virginia and the Carolinas (page 36).

By Mr. GREEN:

Q. What have you to say, if anything, in respect to Omaha, Nebraska, as being a proper basis for estimating the per ton per mile on lumber from the Central Yellow Pine Association territory?

A. Omaha, Nebraska, is not a practical representative point to base earnings upon, because there is practically no movement from this territory to Omaha, Nebraska.

Q. To what extent is there a movement of lumber from this territory to Omaha, Nebraska?

A. So far as I have examined the matter, I should say less than one-half of one per cent. of the shipments on the Illinois Central Railroad go to Omaha, Nebraska.

Q. Mr. Compton filed as Exhibit No. 1 to his testimony a statement showing the price per thousand feet of yellow pine lumber prevailing at Montgomery, Alabama. What have you to say to that being a proper basis to predicate prices upon?

A. Montgomery, Alabama, is not a producing point; evidently those prices are retail prices and not manufacturers' prices.

Q. What character of place is Montgomery, Alabama, as a market for lumber?

1456½ [In pencil.]

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1457 A. Well, I assume that the local consumption there is about the same as at other points of like size.

Q. Is it or not a wholesale point, where large shipments of lumber congregate from the Central Yellow Pine Association territory?

A. There are some wholesalers who handle stuff who have offices in Montgomery.

Q. Mr. L. Green has produced Exhibits 1, 2 and 4 and 6 to his testimony, in which he undertakes to set up the prices of the different characters of lumber, as therein set forth. What have you to say to that as being a fair representation of the prices of lumber?

A. I have not examined particularly this Exhibit 1. I see that it states that it takes a 23 cent rate, and presume it is right.

Q. You misunderstand. The point is as to whether the character of items taken, and those only, constitute a fairly fair representative presentation of the subject matter of prices of lumber?

A. Well, it states a number of the grades in which lumber is sold or by which it is sold; it is not conclusive of the entire subject, in that it does not discriminate as to the size and length and difference of values resulting thereupon.

Q. Upon those Exhibits 1, 2, 3, and 4, how many of the items taken are first class, high-grade timber—lumber?

A. My response was as to No. 1. I should, perhaps, before you ask that question, notice the other exhibits. His exhibits No. 6 gives the price of lumber in the Atlanta market, which I assume is the retail price, and not the manufacturer's price, as Atlanta is not a manufacturing point for yellow pine lumber. Exhibit

1458 4 deals with the question of increase in price between February, 1898, and 1906. It fails to make any reference to the percentage of lumber which is obtainable in the process of manufacture, without which differential statement no proper conclusion could be gotten as to the average increase accruing to the manufacturer. For instance, on edge grain flooring, he shows an increase of $14.50 per thousand feet. This grade of lumber will not be found to yield to the manufacturer exceeding, say, two per cent. of the gross product; on No. 2 common boards, he shows an increase of $5.25 per thousand. This is a low grade product, and to get at the general average, consideration would have to be taken as to the difference in grades and values. I notice, further, that he bases his comparison upon the prices of 1898, five years out of period to this controversy. The exhibit No. 2, taken from the American Lumberman, covers the same character of discussion as the last exhibit and shows the advance since February, 1904. Nineteen hundred and four was a year in which values ruled lower than in any period since this controversy was initiated, and what I have said in reference to a former exhibit, applies also to this exhibit.

Q. As I understand, the exhibits 1, 2, 4, and 6, of Mr. L. Green, represent what purport to be the prices at the points of delivery, do they not?

A. That is my understanding of them.

Q. State whether or not the point of delivery is a fair representative of the price to the manufacturer; and if not, why not?

A. The point of delivery—the price obtained at the delivery point, is a composite price governed both by the rate and the manufacturer's price.

Q. Is there any other element in it besides the manufacturer's price and the rate?

1459 A. In the retail trade, there is the manufacturer's price and the rate and the retailer's local cost.

Q. Local cost or profit?

A. Yes, sir.

Q. State whether or not, unless you knew what the several elements constituting the price were, whether you could tell what relation that price bore to the cost of manufacture or manufacturer's price?

A. I could not.

Q. Could anyone?

A. I would not like to speak for the other fellow.

Q. I mean, without knowledge of the elements entering into the price, could you state what relation that price bore to the manufacturer's price?

A. I should say not.

Q. On Exhibit 2 of Mr. L. Green, we find the first item, A edge grain floor; you have stated that that was a very high grade of stuff?

A. One of the highest grades of lumber made in yellow pine.

Q. What have you to say as to the next item A flat grain flooring?

A. It is a product of less value than the other by from $6.00 to $8.00, ordinarily.

Q. What have you to say as to the four-inch board or common flooring? Is it, or not, above the average of value?

A. It is in the neighborhood of the average.

Q. And five-eighth inch A ceiling?

A. Five-eighth inch A ceiling would be above the average.

Q. As I understand you, unless you took the whole product of manufacture, and took the price on all of it, it would be

1460 impractical to determine the ratio of increase of price of manufacture or manufacturer's price, would it not?

A. It would.

Q. Have you caused to be prepared a statement showing the total mill cost, including stumpage, and the average selling price per thousand, of the Pearl River Lumber Company, for the years 1902, 1903, 1904 and 1905?

A. I have.

Q. Is that statement correct?

A. It is.

Q. What does that statement show as to those matters?

A. This statement shows the total mill cost for 1902, including $2.00 per thousand for stumpage, $10.14; the average selling price would be $12.55; the difference between the mill cost and the selling price, $2.10. In 1903, the total mill cost was $10.22, and the average selling price $11.93, stumpage at $2.00, a difference of $1.71 per

thousand. In 1904, the total mill cost, including stumpage at $2.00 per thousand, was $11.03, and the average selling price was $11.68, a difference of sixty-five (65) cents. For 1905 the total mill cost was $11.43, including $2.00 per thousand for stumpage, and the average selling price was $13.69, or a difference of $2.26.

Q. State if you know how many thousand feet of lumber there are in a box car of thirty-six feet in length, and file as Exhibit 1 to your testimony an exhibit showing the different items and the values constituting this estimate?

A. I had made an itemized bill of the lumber actually used in the standard size box cars. The amount of lumber in the car totals 5,282 feet.

1461 Q. Will you file an exhibit showing that?

A. I will and do.

NOTE.

Witness files Exhibit "Enochs Exhibit 1."

Q. Answer the same question in respect to a flat car?

A. I had the same kind of an itemized statement made for an Illinois Central flat car, forty feet in length, or what is known as a forty foot flat car, showing 2326 feet.

Q. Answer the same questions as to the coal cars thirty-six feet long?

A. The same kind of itemized material bill shows the lumber used in an Illinois Central coal car, thirty-six feet long, to be 3247 feet.

Q. State whether or not those estimates are correct?

A. They are to the best of my knowledge and belief.

NOTE.

Witness files in connection with his testimony the two bills last mentioned marked "Enochs 2" and "Enochs 3."

Q. I hand you a letter——

A. Excuse me. On this question of Mr. Compton's exhibit for prices prevailing at Montgomery, Alabama, I want to call attention to the fact—lumber for cars—that where the grades stated are 4 and 5 grades, they are evidently grades nominated by the railroad company and not manufacturers' grades, if not infrequently occurring that the railroads have certain grades and specifications by which they buy their materials. I refer to Compton's Exhibit No. 1.

1462 Q. Now, what connection have you with the Pearl River Lumber Company—Brookhaven & Pearl River Railroad, I should say?

A. I have no official connection with the Brookhaven & Pearl River Railroad. I have the management of the Pearl River Lumber Company, which operates the Brookhaven & Pearl River Railroad Company.

Q. I hand you a letter purporting to be signed by Mr. C. C. Cameron, General Freight Agent, dated January 10th, 1906. Who is Mr. C. C. Cameron?

A. General freight agent of the Illinois Central?

Q. Does that letter bear his genuine signature?

A. Yes, sir.

By Mr. BAXTER:

Q. This letter is from Mr. Cameron to whom?

A. To I. C. Enochs, General Manager.

Q. What is the date?

A. January 10th, 1906.

By Mr. MILLER:

We offer the said letter in evidence marked "Enoch 4," a copy thereof to be produced in lieu of the original, the original to be produced at the trial, if desired.

By Mr. GREEN:

Q. What intimation, if any, did the Brookhaven & Pearl River Railroad Company have of the proposed offer of a two cents division, before the receipt of this letter?

A. None.

Q. State what connection you have with the Fernwood & Gulf Railroad?

1463 A. The Fernwood & Gulf Railroad is, so far, a department of the Fernwood Lumber Company and is doing some transportation business.

Q. That is at Fernwood?

A. Yes, sir.

Q. State whether or not the same offer of division was made by the Illinois Central to the Fernwood & Gulf Railroad as to the Brookhaven & Pearl River Railroad?

A. No formal offer was made as is there exhibited, but it is understood that, the like condition obtaining, a like arrangement will be made.

Q. What connection did you have——

A. And this is true as to other railroads and mill properties on the I. C. Railroad.

Q. What connection did you have with the Kentwood and Eastern Railroad Company?

A. Until the first of November I was interested in that property.

Q. Where does the Kentwood & Eastern Railroad run?

A. It extends from Kentwood, Louisiana, east about thirty-three miles.

Q. In connection with what mill is it run?

A. In connection with the Banner Lumber Company until the 1st of November, 1905, when it was sold to the Brooks-Scanlan Lumber Company.

Q. I show you what purports to be a bill of lading of the Kent-

wood Railroad Company to the Enochs Lumber Manufacturing Company, Jackson, Miss., signed J. P. Chambers, Agent. Who is J. P. Chambers, and where is he located?

A. J. P. Chambers is the general freight agent of the Kentwood & Eastern Railroad Company, and is located at Kentwood, Louisiana; at this point this logging railroad formerly, and now
1464 chartered railroad, makes connection with the Illinois Central Railroad.

Q. Where is Hackley, Louisiana?

A. About thirty-one miles east from Kentwood—the eastern terminus of the Kentwood & Eastern Railroad.

Q. Is there any saw mill at Hackley?

A. There is not. In point of fact, Mr. Green, there is a small portable mill there, but not a shipping mill.

Q. Is that the mill, at Hackley, La., from which the Enochs Lumber Company bought the lumber specified in this bill of lading?

A. Provided for shipment as per this bill of lading?

Q. Yes?

A. No, sir; this lumber was produced at Kentwood, Louisiana, and not at Hackley, Louisiana.

Q. Where did the logs come from?

A. The logs came from the woods point on the Kentwood & Eastern Railroad, evidently.

Q. This bill of lading is for a car of lumber purporting to be shipped from Hackley, Louisiana, from the Brooks-Scanlan Lumber Manufacturing Company, at Jackson, Mississippi?

A. Yes, sir. The lumber was, as I understand, actually manufactured at Kentwood by the Brooks-Scanlan Lumber Company from logs shipped over the Kentwood & Eastern Railroad into Kentwood.

Q. Is that correct?

A. That is my understanding.

Q. What division of rate, if any, did the Illinois Central or the Kentwood & Eastern have on this shipment of lumber.

A. I don't know what division, Mr. Green. I understand
1465 that the divisions to be given are based upon distances, and that those tariffs are on file, but I have not seen them. They are on file with the Interstate Commerce Commission, I understand.

By Mr. GREEN:

The bill of lading identified by witness is offered in evidence as exhibit "Enochs 5," in connection with this witness' testimony.

Q. In the Annual Report of the Illinois Central Railroad Company for 1903, there are, on page 3, under the title, "Standards of Maintainance," a number of freight cars referred to as being built and bought. Will you please explain what advantage or disadvantage this substitution of cars has as to the income account of the railroad?

A. In this statement it shows that of the new freight cars, fourteen hundred and thirty-six (1,436) replaced old cars destroyed or

disposed of. In the report of 1904, under the same caption, a like statement is made as to eleven hundred and forty-eight (1,148) cars. In the report of 1905, the same statement is made in reference to eleven hundred and eight (1,108) cars, which means that this number of new cars were substituted for a like number of old, or practically worthless cars, and paid for out of the operating expenses, or, from receipts from operations, as you like it; or, that a car that is worth eight hundred dollars ($800), or, to be more specific, we will say, that four hundred and five (405) box cars in 1905, cost eight hundred and sixty-eight dollars and five cents ($868.05), and in 1904, they cost eight hundred and thirty-two dollars and twenty-two cents ($832.22), and in 1903, they
1466 cost eight hundred and seventy-three dollars and thirty-one cents (873.31), whereas the old cars which were replaced by those new cars were worth about eighty dollars ($80.00) per car. That is to say, we have bought, within the last year, a number of 20 and 30 ton second-hand Era cars, for which we paid eighty dollars ($80) per car. The point in this being that this is a betterment of their equipment.

By Mr. MILLER:

Q. What was the average tonnage of the freight cars used on the line now operated by the Illinois Central Railroad Company when this lumber trade with the West north of the Ohio River first began to develop?

A. About the time they had a 30 cent rate to Chicago?

Q. Yes?

A. I don't remember now, General, the specific capacity. I testified at considerable length on that subject formerly, but I could not recall the car capacities.

Q. Do you recall whether they were half as big as the present car? You have a lot of forty-tons cars now, haven't you?

A. The average tonnage capacity of the Illinois Central cars is thirty-four and twenty-hundredths (34.20) tons, as shown in the report of 1905, which has been constantly increasing every year—from year to year.

Q. Do you recall whether or not they had any cars in those times to transport lumber on, that would carry as much as twenty tons?

A. When I began shipping lumber on the Illinois Central in 1873—from 1873 to 1877—between those dates the car capacities ran from sixteen to twenty-four thousand pounds, or from eight to twelve tons' capacity.

1467 Q. Did they change trucks at the Ohio River crossing at that time?

A. At that time the gauge of the Illinois Central was five feet and that was changed, I believe, in the early part of the eighties.

Q. You mean north of the Ohio River—the I. C. proper?

A. No, I think the gauge of the Illinois Central was—that the standard gauge was made perhaps in 1878.

Q. In the early time of which you speak was it necessary to change the truck when they crossed the Ohio River?

A. Yes, sir; they had a house at Cairo and later at Jackson, and a good many junction points at that time.

Q. That would involve a great expense in handling that traffic?

A. Yes, sir.

Cross-examination.

By Mr. BAXTER:

Q. Are you a member of the Central Yellow Pine Association?

A. I am.

Q. Does that Association have annual or semi-annual meetings?

A. The Central Yellow Pine Association's constitution and by-laws provide for annual meetings; we don't observe that requirement.

Q. Do you print the proceedings of the Association at those meetings?

A. No, sir.

Q. Are they recorded in writing?

1468 A. They are. They were exhibited to you on this other hearing.

Q. Do you remember whether they were filed?

A. They were not filed.

Q. Will you produce them to be filed now for the years 1903, 1904, 1905 and 1906?

A. I can't produce them now, because I haven't got them. I have not got them with me, but I will produce them. I will furnish you copies of our proceedings and certify them or furnish you the book to verify them.

Q. In having copies made, will you have one made for the official reporter and one for counsel outside?

A. Yes, sir.

Q. Does your Association have a committee on values and on gradings of lumber?

A. No, sir.

Q. Who fixes the gradings of lumber in your Association?

A. The Central Yellow Pine Association does not fix any values on lumber.

Q. You complained of Mr. Green's grades and I wanted to know whether your Association, by committee or otherwise, establishes and publishes the different grades of lumber?

A. The Central Yellow Pine Association does not. The Yellow Pine Manufacturers' Association does, and here I happen to have with me a copy of their grading rules.

Q. What is the difference between the Yellow Pine Manufacturers' Association and the Central Yellow Pine Association?

A. The Central Yellow Pine Association is an association organized for the specific purpose of waging this controversy as to rates.

1469 Q. The Yellow Pine Manufacturers' Association includes this Central Yellow Pine Association?

A. No, sir; there is no connection between them—the Central Yellow Pine Association and Yellow Pine Manufacturers' Association. The Yellow Pine Manufacturers' Association is an older association, being about sixteen years old, and includes in its membership a great number of people who are not interested in this controversy.

Q. Well, does this Yellow Pine Manufacturers' Association publish its proceedings at its annual or other meetings?

A. Yes, sir.

Q. Are they printed?

A. They are.

Q. Will you produce, for reference of counsel in this cause, copies of the annual proceedings of the Yellow Pine Manufacturers' Association for the years 1903, 1904, 1905 and 1906?

A. I will. I want to add that the Southern Lumber Manufacturers' Association has existed for sixteen years under that title; that at the last annual meeting held in New Orleans, the name was changed to the Yellow Pine Manufacturers' Association, so that the change of name, as it now exists, is apparent with this explanation.

Q. Does the Yellow Pine Manufacturers' Association or the Central Yellow Pine Association publish any list of prices?

A. The Central Yellow Pine Association does not publish any list of prices; the proceedings of the Yellow Pine Manufacturers' Association or Southern Lumber Association in some of the years will show the price current or price list.

1470 Q. Can you file a statement, Mr. Enochs, showing the different advances of lumber or reductions in prices of the different grades of lumber that have been made since the first of January, 1902, down to the present date?

A. I have not got them now, Judge Baxter, therefore I could not say positively if I could furnish them.

Q. Will you furnish them as completely as you can make them up, if you please?

A. Yes, sir.

Q. Mr. Enochs, are the mills in Eastern Louisiana, Mississippi and Western Louisiana up with their orders for lumber, or are they behind?

A. I should say they are behind with them to-day.

Q. About how much?

A. Well, it would be a hard matter to answer that question.

Q. Two or three months, about?

A. Well, I should think that most mills, with a normal order file, would have orders in advance say sixty (60) days or forty (40) days.

Q. How long did you say you have been in the lumber business?

A. I have been in the lumber business since 18—thirty-three years past the 10th of January.

Q. We will take the present prices of lumber on the various grades. Have you ever known in that period of time the rates on lumber to be as high as they are now?

A. You mean the prices?

Q. Yes, prices?

A. No, sir, the prices on lumber are higher to-day—the average price- on lumber are higher to-day than I have ever known them to be in the past, or ever since I came into the business.

1471 Q. Have you ever known the demand for lumber at this time of the year to be as great as it is now?

A. No, sir; the present demand is an abnormal one, Judge Baxter.

Q. Is it not a demand that exists all over the United States, so far as your information and belief goes?

A. It is. I can give you an explanation for that if you desire.

Q. Anything that you wish to say you may say about it?

A. The explanation for the present demand for lumber lies in this, or rather I should say first, that the years in which the lumbermen have had good years are the years in which the railroad companies and the car companies have been large buyers of lumber. That is to say, there is a certain class of our trade which you may say is constant. There is a certain amount of building that goes along for the taking care of the ordinary increase in population, and the transportation demand for lumber has been during those years intermittent, and the intermittent years are the years in which the transportation companies have been poor buyers; where they have been poor buyers we have had a poor demand. In 1903, the car companies and railroad companies built about one hundred and sixty-five thousand (165,000) cars, having built about one hundred and forty thousand (140,000) cars the year before; in 1904 the car companies and railroad companies constructed between sixty thousand (60,000) and sixty-five thousand (65,000) cars, or one hundred thousand (100,000) cars less than in the prior year. The explanation for it is that in the fall of 1903, or the crop movement period, there came unexpectedly a tight money market and

1472 for several months thereafter it was impossible for the transportation companies to make their flotations, and so they went literally out of the market for cars; some of them even stopped the building of cars which were already under contract. It was expected that the fall of 1904 would repeat itself, and every man who had any financing to do was advised of the situation, so that the lumber business was radically depressed in 1904. What was expected to happen in the crop movement period of 1904 because our people anticipated it, did not happen, so we did not have a tight money market in 1904, and immediately thereafter, it became possible for those flotations to be made and the transportation companies began immediately thereafter to buy cars, and in 1905 orders were placed for about three hundred and forty-two thousand (342,000) cars. In addition to that condition, the export trade became good, and the general prosperity of the country responded to an easy money market, and out of this condition came an abnormal demand for lumber. It is not believed or expected by the people who are familiar with the lumber market and the lumber situation that this strenuous demand will continue; in fact the lumber market is not as strong to-day as it was sixty days ago. Another reason contributing to this abnormal situation just in mid-winter was the fact

of the car shortage, which occurs almost universally in the fall of the year, so that what was ordinarily known as transit cars, that is, cars loaded and started to the market, and which would ordinarily be offered at a concession were, since the 15th of December until now, at a premium.

Q. Mr. Enochs, do you not remember that the year of the last presidential election, sometime before election took place, there was something like a threat—a financial panic, and did not all
1473 railroads, car building companies and many other persons engaged in extensive business begin to curtail all their operations in every direction?

A. Without doubt it is a fact.

Q. And then, after President Roosevelt was nominated, and the policy of the country was comparatively settled, did not financial conditions begin to improve and have they not improved ever since?

A. That is true. It began to improve even before the election was reached.

Redirect examination.

By Mr. MILLER:

Q. Was it not the purposes of the formation of the Central Yellow Pine Association to attack before the Commission the practice of the railroads west of the Mississippi River of making what they called tap line allowances to logging roads serving mills in their territory, which allowances were refused to lumber manufacturers in the Central Yellow Pine Association territory in the same situation?

A. It is true that that was one of the objects and one of the undertakings of the Central Yellow Pine Association directed at the lines on this side of the river as to the lines on the other side of the river. However, it developed that there was an exception in the Mobile & Ohio Railroad as one of the lines on this side.

Q. It did not develop, though, in the tap line case, did it?

A. I think it did. I may be mistaken.

Q. Mr. Enochs, is it within your knowledge that the practice of making allowances to railroads serving saw mills in the yel-
1474 low pine region of Arkansas and Louisiana west of the Mississippi River is still kept up and practiced?

A. It is. It is notoriously true and no one would deny it.

Q. Do you know what those allowances are?

A. My information is that they allow from 2 to 6 cents.

Q. Well, is there any practical difference in the situation so far as respects substantial shippers and manufacturers of lumber east and west of the river, in respect to logging service?

A. No, sir; the conditions as to logging both east and west of the river continue to be more expensive as the years go on, because the timber becomes each year further removed from the main line's operations. To illustrate, at Pearl River, our main line haul was 22 per cent. more in 1905 than it was in 1904, and for 1906 it will be still added to. So that as the timber gets further back we have that added investment and added expense account in the maintainance

of railroads, and for the operation of trains and the investment in trains.

Q. Mr. Cameron pretended to admit that, didn't he?

A. Evidently; that was in recognition of the theory of the west side people, which was that the compensation should be allowed for the increased distance.

By Mr. GREEN:

Q. You spoke of there being over 342,000 cars during 1905, I believe. State whether or not that is an ordinary or extraordinary production or building of cars?

A. That is extraordinary, in that the orders placed for cars in 1905 was more than twice as many cars as had ever been
1475 built in any one year. In fact, the car companies are sure of full employment for 1906 if not another order were placed with them.

Q. Have the demands of the car companies for cars, so far as lumber is concerned, been supplied already?

A. No, they have not been supplied fully for all the cars to be built under contract, and it will take the balance of the year to supply, them or very nearly.

By Mr. BAXTER:

Q. Is it or not true, Mr. Enochs, that proceedings were instituted before the Interstate Commerce Commission by the Central Yellow Pine Association against certain railroads lying west of the Mississippi River, complaining of the allowance by them of tap line division to the logging roads on that side of the river, while no such allowances were made by the defendant companies in this case?

A. It is true.

Q. Didn't the Commission hold in that case that, under certain circumstances and conditions, those tap line allowances might be lawfully made?

A. It did.

Q. And this action of Mr. Cameron in notifying you that the Illinois Central proposed, with reference to certain connecting lines, under certain conditions, to allow certain tap line differences, has followed the action of the Commission?

A. It is evidently under that principle he is acting.

By Mr. MILLER:

Q. Did not the Commission hold in that case that the tap line allowance was an extreme application of the milling in transit principle?

1476 A. The Commission plainly stated that they stressed the doctrine to the limit, in order to save the situation.

(Signature Waived.)

C. W. ROBINSON, recalled on his previous oath, testified as follows:

I desire to correct my testimony given this morning, by stating that it was in May, 1905, and not February, 1905, that I was in Washington. I also went to Washington in February, 1904.

(Signature Waived.)

1477 APPENDIX.

EXHIBIT 1 TO TESTIMONY OF W. W. BUTTERFIELD.

Butterfield Lumber Company's Manufacturing Cost of Lumber for 1903-1904-1905.

Net Average Selling Price 1904-1905.

1903.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Statistics for detailed statement lost in Office fire of December 7th, 1903.	
Estimated Manufacturing cost per M		$8.00
Wear, Tear and Depreciation		.25
Stumpage Valuation, 1903		2.00
Interest and Selling Expenses		.28
Insurance and Taxes		.55
Expense Account		.86
Total Cost of Lumber per M		$11.94

1478 1904.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Total of this estimated from eleven months report.	
Total Manufacturing cost per M		$7.70
Wear, Tear and Depreciation		.25
Stumpage Valuation, 1904		2.50
Interest and Selling Expenses		.31
Insurance and Taxes		.77
Expense Account		1.39
Total Cost of Lumber per M		$12.92
Average Selling Price, 1904		12.54

1905.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Total of this estimated from full twelve months report.

Total Manufacturing Cost per M	$7.73
Wear, Tear and Depreciation	.25
Stumpage Valuation, 1905	3.00
Interest and Selling Expenses	.35
Insurance and Taxes	.80
Expense Account	1.40
Total Cost of Lumber per M	$13.53
Average Selling Price, 1905	15.08

1479 EXHIBIT 1 TO TESTIMONY OF SILAS W. GARDINER.

Statement of average prices received per thousand feet for their lumber production by Eastman, Gardiner & Co., of Laurel, Miss., after deducting freight, for 1904 and 1905; also the cost of manufacturing lumber, including stumpage, for the same period.

Year.	Average price received.	Manf'g, shipping, etc.	Logging to mill.	Expense, int., tax, ins. ad'm, and dep.	Stumpage value.	Total cost.
1904.	$10.64	$3.96	$2.41	$1.50	$2.50	$10.37
1905.	13.57	3.99	2.95	1.50	3.00	11.44

EASTMAN, GARDINER & CO.,
By S. W. GARDINER, *Treasurer*.

Laurel, Miss., March 23, 1906.

1480 EXHIBIT TO TESTIMONY OF I. C. ENOCHS.

EXHIBIT No. 1.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 36-foot Box Cars.

6	Pcs.	4½	x 8	36–8 Sills		660′
2	"	6	x 8	" "		293′
2	"	7½	x 8	9–4 Cross Beams		93′
2	"	4	x 9	" " "		56′
2	"	6	x 8	2–4 Dead Wood		19′
2	"	½	x 3	37–0		18′
2	"	½	x 3	6–6		4′
2	"	1	x 4	37–0 Facing		25′
2	"	1	x 6	5″ Facing-end		5′
2	"	1½	x 3½	5–0 Drip-End Door		5′
2	"	1	x 6	2–1		2′
2	"	1	x 10	9–4 End		16′
4	"	1	x 6	38–0 Running Board		76′
2	"	1	x 4	2–0 " "		1′
25	"	1⅜	x 2½	" " "		25′
172	"	1	x 6	5–0 Roofing		430′
234	"	1	x 6	9–0 Siding		1053′
28	"	1	x 6	15–0 Lining		210′
4	"	1	x 4	" "		20′
22	"	1	x 6	8–6 "		94′
6	"	1	x 8	" "		34′
2	"	1	x 4	" "		6′
8	"	1	x 8	15–0 "		80′
20	"	3	x 5	9–0 Studs		225′
20	"	3	x 5	9–6 Braces		238′
8	"	5	x 5	9–0 Corner Posts		300′
4	"	4	x 4	15–0		80′
2	"	4	x 4	8–6		23′
2	"	3	x 7	36–0 Caps		126′
8	"	1	x 6	3–0 Doors		12′
6	"	1	x 8	6–6 "		26′
2	"	2	x 3	9–0 Door Stops		9′
14	"	2	x 10	9–6 Rafters		222′
2	"	4	x 12	9–6 End-Rafters		76′
1	"	2	x 4	36–0 Sheathing		24′
4	"	1	x 4	" "		48′
54	"	2	x 8	9″ Decking		648′
						5282′

1481 EXHIBIT No. 2.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 40-foot Flat Cars.

2	Pcs.	5 x 12	40–9	406′
4	"	4½ x 9	40–0	520′
2	"	6 x 9	"	360′
2	"	4 x 10	8–0	53′
2	"	8 x 11	10–0	147′
2	"	4½ x 10	2–0	14′
4	"	5 x 7	6–0	70′
756	Ft.	2″ Decking		756′
				2326′

EXHIBIT No. 3.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 36-foot Coal Cars.

2	Pcs.	5 x 12	36–0	360′
4	"	4½ x 9	"	486′
2	"	6 x 9	"	324′
2	"	4 x 10	8–0	53′
2	"	8 x 11	10–0	147′
8	"	2½ x 10½	36–0	630′
8	"	2½ x 10	10–0	167′
24	"	4 x 5	5–0	200′
4	"	4 x 5	6–0	40′
10	"	2 x 6	10–0	100′
43	"	2 x 8	"	573′
5	"	2 x 10	2–0	14′
4	"	5 x 7	6–0	70′
				3247′

1482 EXHIBIT 5 TO TESTIMONY OF I. C. ENOCHS.

BANNER LINE.

Shippers, Read this Contract Before Accepting.

Kentwood & Eastern Railroad Company.

Bill of Lading. *Original.*

No. —.

HACKLEY, LA., *Feb.* 2, 1906.

Received by the Kentwood & Eastern Railroad Company from Brooks-Scanlon Lumber Company, the goods or packages mentioned below (contents) and value unknown), in apparent good order, except as noted, consigned as marked and numbered in the margin, to be transported to —— at the rate below, (provided) the contents of

said packages are correctly stated in this Bill of Lading) and delivered in like good order and condition to the consignee, if consigned to a station on its own railroad, or to such carrier whose line may be a part of the route to the place of destination, it being distinctly understood that its responsibility shall cease when it delivers the same to the consignee or to the carrier.

This contract is subject to the following conditions:

When the contents of packages are not properly represented by the Shipper, it is agreed that upon the actual contents of the packages, the published rate of the carrier or carriers whose line the goods pass to destination is the only rate guaranteed.

When the words "Owner's Risk," or the letters "O. R." are noted on this Bill of Lading, the owner assumes the risk of all loss of or damage to the property in the course of transportation, except that arising from carelessness of the carrier, its agents or employees.

When this Bill of Lading bears a notation showing that the valuation of the property is fixed at a certain amount, it is agreed that the value does not exceed such amount, and that any carrier which may be liable for loss of or damage to the property shall not be bound to pay more than such amount.

1483 When the words "Shipper's Load and Count" are noted on this Bill of Lading, it is an acknowledgment on the part of the Shipper that the Carrier is not liable, directly or indirectly, for loss or damage arising from improper stowage or defective or insufficient packages, or for any discrepancy in account or quantity.

This company shall not be responsible for the leakage of any kind of Liquors, breakage of any kind of glass, Carboys of Acid or articles packed in glass, Stoves or Stove Furniture, Castings, Machinery, Carriages, Furniture, Musical Instruments of any kind, Packages of Eggs, or for rust of Iron or Iron Articles or for the condition of baling or loss or damage on Hay, Hemp, Cotton, or any article whose bulk renders it necessary to transport on open cars, or for damage to perishable property of any kind occasioned by delays from any cause or change of weather, nor for any loss of weight of Grain, or Coffee in bags, or Rice in tierces, nor for loss of Nuts in bags, nor for loss or damage attributable to causes arising from the Act of God, or for the loss of Flour or any other property caused by bad or insufficient cooperage, or for loss or damage on the lakes or rivers, unless it can be shown that such damage or loss occurred through the negligence of the agents or employes of the Company. It is further agreed, that for all actionable loss or damage occurring in the transit of the property, the legal remedy shall be against the particular carrier only in whose custody the same may actually be at the time of the happening thereof. In the event of the loss of any property for which any Carrier may be responsible under this Bill of Lading, All packages subject to charge for cooperage, if necessary.

This Company shall not be responsible for loss or damage by fire from any cause whatever while in transit or at stations; nor for accidents or delays from unavoidable causes; nor for delay, loss or

damage caused by strikes or riots, or by quarantine or custom house regulations.

All property shall be subject to transfer en route, as the necessities or convenience of any Carrier requires.

In consideration of the rates herein given on goods packed in bales, it is agreed that each Carrier over whose line the said goods shall pass in the course of transportation is released by the shipper of said goods from all claims for damage by chafing in transit.

All carload freight shall be subject to a minimum charge for trackage and rental of $1.00 per car for each twenty-four
1484 hours' detention, or fractional part thereof, after the expiration of forty-eight hours from its arrival at destination.

THIS BILL OF LADING MUST BE PRESENTED WITHOUT ALTERATION OR ERASURE.

THE ORIGINAL BILL OF LADING ONLY IS TRANSFERABLE. COPIES ARE FURNISHED FOR THE INFORMATION OF THOSE CONCERNED, BUT ARE OTHERWISE VALUELESS EXCEPT AS EVIDENCE THAT A BILL OF LADING HAS BEEN DELIVERED.

Marks and consignees.						No. pkgs.	Articles.	Weight, sub. to cor.
S. P. 38,509						One.	Car Lumber	
Enochs Lumber & Mfg. Co								
Jackson, Miss								
Via								
Rates From								
To								
In cents per hundred pounds.								
If 1st class.	2nd class.	3rd class.	4th class.	5th class.	6th class.			
Special	Per							
Advance Charges $								

J. P. CHAMBERS, *Agent.*

1485 EXHIBIT 4 TO TESTIMONY OF I. C. ENOCHS.

Illinois Central Railroad Company.

Office of General Freight Agent.

In replying please refer to File 153.

MEMPHIS, *January 10th*, 1906.

Mr. I. C. Enochs, General Manager, Brookhaven & Pearl River R. R., Jackson, Miss.

DEAR SIR: I had a talk to-day with your Mr. Meade in regard to the question of tap line proportions, and which he advises me should be taken up with you. We have decided to make some change in the policy which has heretofore been observed by our company, and effective February 1st, 1906, we propose to allow the Brookhaven & Pearl River R. R. a division of 2 cents per 100 lbs. on yellow pine lumber, car loads, delivered us at Brookhaven when destined to Ohio River Crossings and points beyond, on and East of the Mississippi River and on and West of the Buffalo-Pittsburg Line. This arrangement will be subject to change on reasonable notice. We propose to issue tariff and division sheet in connection with your road, showing thereon the name of your General Freight Agent. I understand your stations are as follows: Hueckes, Solgaard, Mays, Nola Junction, Nola, Loranda, Loranda Junction and Monticello. The lumber should be billed out of Brookhaven at the regular tariff rates applying from that place and the division of 2 cents per 100 lbs., to be paid you by monthly claim. If this arrangement is satisfactory, please notify me promptly upon receipt of this letter and I will promptly issue tariff and division sheet. In the event you accept the arrangement, and which is the same as we will establish February 1st with other roads of similar character and length as the Brookhaven & Pearl River Railroad, please send me promptly after the close of each month a statement in duplicate showing in two parts, first, the shipments to the points to which we will allow divisions; and second, shipments to points to which no divisions will be operated. You should arrange a careful

1486 count of all logs received by your mill that check of the arrangement can be readily made at any time when it may be necessary or desirable to do so. This same arrangement as outlined above will, of course, apply on lumber cut at mills on the B. & P. R. R. R. as on lumber manufactured at Brookhaven.

Kindly let me hear from you to-morrow, if possible.

Yours truly,

C. C. CAMERON,
General Freight Agent.

1487 *Certificate of Loss of Record.*

UNITED STATES OF AMERICA,
Southern Division of the Southern District of the State of Mississippi:

I, the undersigned Clerk of the United States Circuit Court in and for the Southern Division of the Southern District of the State of Mississippi, sitting at Biloxi, Mississippi, do hereby certify that I am unable, after a very careful and diligent search throughout my office, to find any of the original papers in the case of S. E. Perkins *et al. vs.* Gulf & Ship Island Railroad Co., and T. J. Stewart, Receiver, No. 11, In Equity. The files of the papers in said cause appearing to be lost after a careful and diligent search in my said office.

In testimony whereof witness my hand and seal of office on this the 7th day of April, A. D. 1906.

L. B. MOSELEY, *Clerk,*
[SEAL.] By G. H. McMORROUGH, *D. C.*

NOTE.—Accounts and contracts filed by N. G. Scott as part of his testimony, not printed, because of great length and deemed unnecessary.

1488 Duplicate.

Stipulation Covering Original Exhibits Filed with Testimony of Nathaniel G. Scott and Not Printed Therewith.

Filed January 14, 1907.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In order to dispense with copying into the record the accounts and contracts filed as part of the testimony of N. G. Scott, it is agreed that they may be considered in condensed form as follows:

I.

That his contract with the Gulf & Ship Island Railroad Company, for constructing the part of its branch line known as the extension of the Laurel & Northwestern Railroad required him to begin at a point 20 miles westerly from Laurel, and to build to some point on the line of the Gulf & Ship Island Railroad, between Mount Olive and Magee, a distance of between 20 and 25 miles.

II.

For grading, clearing and grubbing, the price was 17 cents per cubic yard, road-bed measurement; track laying and surfacing

$350.00 per lineal mile; trestling $3.50 per lineal foot; log culverts $30.00 each; 1 Howe truss bridge over Leaf River $5,270.

III.

The approximate estimate of the work is 200,000 yards of road-bed material, 20 miles of track, 1380 feet of trestling and 30 log culverts.

IV.

The actual amount of excavation and embankment performed by him foots up 118,126 cubic yards, and 28 culverts.

V.

The account filed by him for work done under the contract foots up $64,527.44, upon which he credits $35,414.15.

(Signed)

L. A. SHAVER &
T. M. MILLER,
Sp'l Ass't to U. S. Dist. Att'y,
GREEN & GREEN,
Solicitors for Int. Com. Com.
ED. BAXTER AND
S. F. ANDREWS,
For Def'ts,
By O. P. ANDERSON.

1489 *Tariff on Cross-Ties, Illinois Central R. R., Referred to by C. W. Robinson.*

Illinois Central Railroad Company.

(Cancelled by I. C. C. No. 3171.)
Effective 4-9-1905.

I. C. C. No. 3153.
(Cancels I. C. C. No. 3100.)

B.—12013.
(Cancels A-12013.)

Mar. 20.
Auditor's Office.
17069.
Commerce Commission.
1905.

Freight Tariff.

Applying on

Yellow Pine Cross-Ties—Carloads.

(Cars must be loaded to full loaded capacity but not in excess of ten (10) per cent. beyond their marked weight capacity. Ties to be billed at 165 pounds per tie.)

To

Chicago, Ill.

In Cents per Tie.

From—	Rate.	From—	Rate.	From—	Rate.
Pearl..... Miss.	26	Fernwood...Miss.	26	Genesee . . La.	26
Byram..... "	26	Magnolia... "	26	Natalbany ... "	26
Pierce & Gibbs.. "	26	Cook..... "	26	Hammond ... "	26
Terry . . . . . "	26	Barletts..... "	26	Chester . .... "	26
Crystal Springs.. "	26	Stevens..... "	26	Campbells.... "	26
Gallman..... "	26	Chatawa. . "	26	Ponchatoula . "	26
Hazelhurst Lumber Co. . . . "	26	Osyka..... "	26	Abel..... "	26
Hazlehurst..... "	26	Greenlaw.....La.	26	Jena..... "	26
Martinsville.... "	26	Kentwood.... "	26	Warwick..... "	26
Beauregard..... "	26	Kent's Mill... "	26	Strader..... "	26
Wesson .... "	26	Simonds..... "	26	Manchac..... "	26
Montgomery ... "	26	Tangipahoa... "	26	Oteri..... "	26
Brookhaven.... "	26	Day..... "	26	Ruddock..... "	26
Leons..... "	26	Newsoms. . "	26	De Sair ..... "	26
Wartmans..... "	26	Hyde ..... "	26	Wagram . . "	26
Cold Springs.... "	26	Flukers..... "	26	Frenier ..... "	26
Derby..... "	26	Arcola..... "	26	La Branch ... "	26
Bouge Chitto... "	26	Roseland ..... "	26	Kenner ..... "	26
Norfield..... "	26	Amite... .... "	26	Kenner Jct... "	26
Johnson ..... "	26	Gulletts ..... "	26	Fallon ..... "	26
Sanders..... "	26	Louise.. ..... "	26	Luzon . ..... "	26
Summit..... "	26	Akers .... "	26		
Champion Compress..... "	26	Millards ..... "	26		
McComb..... "	26	Independence. "	26		
		Tickfaw..... "	26		

Issued March 17, 1905.
(B 200.) (M/1 1631.)

(File 47472 A. B.)

Effective March 22, 1905.
(Authority A-2998.)

Issued by

T. J. HUDSON, Traffic Manager, Chicago.
F. B. BOWES, Asst. Trf. Mgr., Chicago.
W. E. KEEPERS, G. F. A., Chicago.
C. C. CAMERON, G. F. A., Memphis.

(Copy.)

1490 2 Tariffs. †.

Tariff on Cross-Ties, Illinois Central Railroad, Referred to by C. W. Robinson.

Illinois Central Railroad Company.

(Cancelled by Supt. No. 1. Effective 1–1–1906.) I. C. C. No. 3171. (Cancels I. C. C. No. 3153.)

C. 12013.
(Cancels B–12013.)

Apr. 6.
Auditor's Office.
19930.
Interstate
Commerce Commission.
1905.

Freight Tariff.

Applying on
Yellow Pine Cross-Ties & Carloads.

(Cars must be loaded to full loading capacity but not in excess of ten (10) per cent. beyond their marked weight capacity. Ties to be billed at 130 pounds per tie.)

To
Chicago, Ill.
In Cents per Tie.

From—	Rate.	From—	Rate.	From—	Rate.
Pearl.....Miss.	26	McComb . . .Miss.	26	Independence, La.	26
Byram..... "	26	Fernwood... "	26	Tickfaw .... "	26
Pierce & Gibbs.. "	26	Magnolia ... "	26	Genesee..... "	26
Terry..... "	26	Cook..... "	26	Natalbany.... "	26
Crystal Springs.. "	26	Barletts..... "	26	Hammond.... "	26
Gallman. ..... "	26	Stevens... . "	26	Chester..... "	26
Hazenhurst Lumber Co... "	26	Chatawa.... "	26	Campbells.... "	26
Hazlehurst..... "	26	Osyka ..... "	26	Pontchatoula.. "	26
Martinsville ... "	26	Greenlaw.....La.	26	Abel ..... "	26
Beauregard..... "	26	Kentwood.... "	26	Jena ..... "	26
Wesson .... "	26	Kent's Mill... "	26	Warwick .... "	26
Montgomery.... "	26	Simonds..... "	26	Strader..... "	26
Brookhaven.... "	26	Tangipahoa... "	26	Manchac..... "	26
Leons..... "	26	Day..... .... "	26	Oteri..... "	26
Hartmans..... "	26	Newsoms..... "	26	Ruddock ..... "	26
Cold Springs ... "	26	Hyde ... . "	26	De Sair ..... "	26
Derby..... "	26	Flukers..... "	26	Wagram..... "	26
Bogue Chitto... "	26	Arcola..... "	26	Frenier .... .. "	26
Norfield..... "	26	Roseland..... "	26	La Branch.... "	26
Johnston. ..... "	26	Amite.. ..... "	26	Kenner..... "	26
Sanders..... "	26	Gulletts ..... "	26	Kenner Jct... "	26
Summit..... "	26	Louise..... "	26	Fallon . .. ... "	26
Champion Compress ..... "	26	Akers..... "	26	Luzon..... "	26
		Millards .... "	26		

Issued April 4, 1905. (B 200.) (M/1 1631.) (File 47472 A B.) Effective April 9, 1905. (Authority B–2998.)

Issued by

T. J. HUDSON, Traffic Manager, Chicago. F. B. BOWERS, Asst. Trf. Mgr., Chicago. W. E. KEEPERS, G. F. A., Chicago. C. C. CAMERON, G. F. A., Memphis.

(Cont'd.)

1491 Duplicate.

Stipulation and Statement Covering Annual Reports and Certain Other Documentary Evidence on File.

Filed January 14, 1907.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In order to save the necessity of copying into the transcript on the appeal foreign and unnecessary matter contained in the same documents, or many of them, it is agreed between counsel for all the parties that the following matters are true, as shown in documentary evidence on file in said cause:

I.

Hand-Book No. 6 of the Southern Railway Company, effective July 1, 1903, shows that there are divisions of the Southern Railway, which require special arrangements and low speed to haul cars of 100,000 lbs. capacity, and that on some of the divisions of said Southern Railway, cars of 100,000 lbs. capacity cannot be hauled.

II.

The answers of the Mobile & Ohio Railroad Co. to certain interrogatories propounded by the Central Yellow Pine Association, complainant before the Commission, show that since 1897, the freight car capacity of said road's equipment had increased 119,320 tons, and the engine capacity had increased 157,098.

Said answers also show:

Year.	Freight receipts.	Operating expenses, incl. salaries, damages, and taxes.	Excess.
1901–2.....	$4,932,837.22	$4,489,186.15	$443,651.07
1902–3.....	5,686,856.83	5,211,171.53	475,685.30

Said answers also show a steady increase in gross earnings from 1893-4, viz., $3,253,691.17, to 1903, viz., $7,486,980.39, and the net earnings of the M. & O. R. R. show a steady increase from $223,769.19 in 1896-7 to $747,276.07 in 1903.

There was applied of income to betterments in 1901, $417,467.90; in 1902, $417,510.25; in 1903, $383,605.19; and to dividends in 1903, $107,412.00,—the first dividend except a small one in 1897.

1492 III.

The earnings and expenses of the M. & O. R. R. have been as follows:

	1903.	1902.	Increase.	Per cent. of inc.
Miles of Road Operated	874.1	874.1		
Gross Earnings	$7,486,980.39	$6,509,488.54	$977,491.85	15.01
Operating Expenses & Taxes:				
Maintenance of Way and Structures	1,135,979.39	871,854.99	264,124.40	30.20
Maintenance of Equipment	955,070.76	726,071.79	228,998.97	31.53
Conducting transportation	2,731,833.34	2,508,742.23	223,091.11	8.89
General Expenses	230,068.96	217,882.66	12,186.30	5.59
Taxes	158,219.08	164,634.48	D. 6,415.40	D. 3.89
Total	$5,211,171.53	$4,489,186.15	721,985.38	16.08
Net Earnings	$2,275,808.86	$2,020,302.39	255,506.47	12.64
Ratio of Expenses to Earnings.	69.59%	68.98%	.61%	

D. denotes decrease.

Page 10 of Annual Report of M. & O. R. R. for year ended June 30, 1903, is as follows:

"The expenses of maintenance of way and structures per mile of road for the year were $1,299.59 as compared with $997.43 for the year preceding.

"The chief items of increase were in renewal of rails and of crossties, general repairs of roadway, and in repairs and renewals of buildings.

"The number of cross ties placed in the track during the year was 531,554, as compared with 373,669 for the year previous, an increase of 157,885 cross ties or 42.25%.

"The rail renewals during the year include 16,674 tons of new 75 lb. steel rail, or about 141 miles.

"There were on hand at the close of the year 9,422 tons of serviceable relaying rail.

1493 "Contracts have been made for 13,500 tons of new 75 lb. steel rail, to be delivered during the next fiscal year.

"During the past two years 216 miles of new 75 lb. rail have been put in the track, replacing 56 lb. and 60 lb. rail.

"During the year, 5.97 miles additional sidings were constructed as compared with 15.06 miles during preceding year.

"The passing tracks already completed have greatly improved the facilities for handling trains, but the demands of increased traffic will make further additions necessary in the immediate future.

"The large increase of $228,998.97 in the cost of maintenance of equipment, consists chiefly of an increase of $96,002.02 in repairs of locomotives, $11,800.02 in repairs of passenger cars, $100,974.81 in repairs of freight cars and $21,397.44 in repairs of shop machinery and tools.

"The average amounts expended for repairs and replacement of rolling stock during the year were:

	1903.	1902
Per Locomotive	$2,001.45	$1,366.66
Per Passenger Car	710.55	679.38
Per Freight Car	66.03	50.40

Following is an extract from page 11 of said report:

"The expenses of conducting transportation increased $223,091.11, or 8.89 per cent., more than half of which was in cost of fuel. General expenses increased $12,186.30, or 5.59 per cent., while the ton miles increased 148,903,944, or 18.01 per cent., and the passenger miles increased 2,776,482, or 7.95 per cent."

IV.

The following is the "Income Account" of the M. & O. R. R., for the year ended June 30, 1903, as shown by its Annual Report, p. 5:

1494 *Income Account.*

	1903.	1902.	Inc. or dec.
Miles of Road Operated	874.1	874.1	
Gross Earnings from Operation	$7,486,980.39	$6,509,488.54	Inc. $977,491.85
Operating Expenses and Taxes	5,211,171.53	4,489,186.15	Inc. 721,985.38
Net Income from Operation	2,275,808.86	2,020,302.39	Inc. 255,506.47
Income from Other Sources	102,130.81	110,364.85	Dec. 8,234.04
	$2,377,939.67	$2,130,667.24	Inc. 247,272.43
Interest and Rentals	1,630,663.60	1,589,106.77	Inc. 41,556.83
Other Charges against Income	334,650.14	417,510.25	Dec. 82,860.11
	$1,965,313.74	$2,006,617.02	Dec. 41,303.28
Balance	412,625.93	124,050.22	Inc. 288,575.71
Dividend on stock 2 %	107,412.00		Inc. 107,412.00
Balance carried to credit of profit and loss	305,213.93	124,050.22	Inc. 181,163.71

V.

The answers of the Cincinnati, New Orleans & Texas Pacific Ry. to interrogatories propounded by the Central Yellow Pine Association, complainant, before Interstate Commerce Commission, show as follows:

Year.	Salary of employees.	Betterments.	Other op. expenses.
1900–1	$1,508,649.75	$353,913.39	$1,571,884.72
1901–2	1,747,842.07	202,674.10	1,989,282.17
1902–3	2,186,752.14	401,958.66	1,754,452.14

The gross earnings and the net earnings, after paying the rent and maintenance, operation, etc., are as follows:

From a deficit in 1899–00 to

Year.	Gross earnings.	Net earnings.	Surplus.
1900–1	$5,066,207.75	$1,320,501.85	$180,732.78
1901–2	5,686,253.61	1,446,659.81	207,780.51
1902–3	6,218,957.85	1,569,518.68	306,328.77

1495 In 1902-3, there was a dividend of 5 per cent. paid on its preferred stock, the first dividend since prior to 1892.

VI.

The Annual Report of the Gulf & Ship Island Railroad Company for the year ended June 30, 1903, pp. 5 and 6 states as follows:

"Throughout the fiscal year ended June 30, 1903, the great prosperity mentioned in the annual report for 1902 continued undiminished. Indeed, by reason of the satisfactory industrial conditions prevailing in Southern Mississippi, the gross earnings of the Company increased 24 per cent. over those of the previous year."

* * * * * * *

"The acreage of lands under cultivation along the line of our road is fully 25 per cent. greater this year than formerly. As the land is cleared of timber, it is being planted with cotton, corn, sugar cane and fruit. The development of the cleared lands and the industries that spring up as the timber is cut are extremely gratifying. The last few years have demonstrated beyond peradventure that the traffic which arises on the cleared and developed portions of the road is equal in value to that derived from the transportation of the timber, if not greater. It can be said with certainty that when the timber is exhausted, farms, manufactures, and other industries will have taken its place and our business will be materially increased."

On p. 16 of said Report of the G. & S. I. R. R., for year ended June 30, 1903, it is stated:

"Transportation Results."

"The work of the transportation department shows extremely satisfactory results. While the number of revenue tons of freight carried one mile increased 23.67 per cent., as compared with 1902, the revenue freight train mileage decreased 1.97 per cent. The average revenue freight trainload increased from 164.18 tons to 207.11 tons, and the average loaded revenue freight carload rose from 14.18 tons to 15.91 tons. The average number of cars per train advanced from 16.59 in 1902 to 18.38 in 1903. The Com-
1496 pany uses no 'helping' engines and runs no mixed trains."

"Freight earnings per freight train mile averaged $3.91 in 1903, as against $3.13 the previous year, and passenger train earnings per train mile averaged $1.01, as compared with 84 cents the year before."

Table entitled "Freight Service" appearing on page 17 of Annual Report of the Gulf & Ship Island Railroad Company for the year ended June 30, 1903, shows the following percentages of increase or decrease in items named:

1903 *Compared with* 1902.

Total earnings from freight, increase	22.65	per cent.
Number of revenue tons carried one mile, increase	23.67	per cent.
Revenue freight train mileage, decrease	1.97	per cent.
Average freight train load, increase	26.15	per cent.
Freight earnings per revenue freight train mile, increase	24.92	per cent.

VII.

The following is a consolidation of tables 12 and 15, taken from Annual Reports of Southern Railway Company, for the years 1903 and 1905, respectively, entitled "Freight Tonnage, Mileage of Freight Trains, Average Freight Haul per train, and Average earnings per freight train mile."

1497	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.
Average miles of road operated	4,139.44	4,873.80	4,805.75	4,827.22	5,254.05	6,396.12	6,612.11	6,743.61	7,129.39	7,164.39	7,198.99
Miles run by freight trains	7,465,843	8,553,217	8,941,793	9,627,681	10,969,003	12,989,396	12,774,704	13,713,086	15,289,077	16,955,906	17,320,863
Tons carried:											
Revenue freight only	6,675,750	7,941,980	7,904,706	8,554,012	10,22[illegible],280	13,590,853	15,025,[illegible]80	16,811,536	19,197,484	20,733,049	20,973,764
All freight, including Company's material	.....	8,701,210	8,106,542	9,948,707	11,707,677	15,492,024	17,206,917	19,460,749	22,155,885	24,383,643	24,317,841
Tons one mile:											
Revenue freight only	1,008,932,864	1,239,686,022	1,324,015,178	1,426,673,635	1,771,925,383	2,294,257,940	2,430,220,275	2,679,[illegible]68,627	2,934,717,911	3,218,263,[illegible]80	3,368,302,765
All freight, including Company's material	.....	1,389,993,079	1,545,273,962	1,690,068,024	2,057,571,910	2,641,271,339	2,841,837,562	3,098,011,083	3,424,492,536	3,812,664,[illegible]68	3,973,292,283
Average number of tons of freight in each train:											
Revenue freight only	146.84	144.43	148.07	149.22	161.54	176.61	191.80	196.31	193.29	189.8[illegible]	194.30
All freight, including Company's material	.....	161.94	172.81	175.54	187.56	203.3[illegible]	222.46	225.92	224.03	224.87	229.39
Average receipts per ton per mile	cts. 0.984	cts. 0.972	cts. 0.936	cts. 0.933	cts. 0.897	cts. 0.916	cts. 0.938	cts. 0.9[illegible]	cts. 0.950	cts. 0.938	cts. 0.944
Average receipts per freight-train mile	$1.445	$1.405	$1.385	$1.392	$1.451	$1.617	$1.795	$1.819	$1.837	$1.771	$1.835

The above statement gives for each year only the results of operation by Southern Railway Company in that year.

1498 VIII.

Abstract "G," "Insurance Fund," p. 7, Annual Report Illinois Central Railroad for year ended June 30, 1903, shows that there was "added during the year ended June 30, 1903, through monthly charges to Expenses of Operation $120,000.00."

On page 2 of Annual Report of Illinois Central Railroad, for year ended June 30, 1903, under head of "Dividends and Insurance Funds," it is stated that: "The sum of $45,740 derived from interest on securities in the Surplus Dividend Fund, has been added to that fund, which now amounts to $1,178,186.92 and is well and safely invested.

IX.

"General Balance Sheet," p. 5, Illinois Central Railroad Co.'s annual report for year ended June 30, 1903 shows "Leased Line Stock, $10,000,000.00; Funded Debt of Chicago St. Louis & New Orleans R. R. Co., $16,234,000.00." These are all of the liabilities of the Illinois Central Railroad for the Chicago, St. Louis & New Orleans Railroad Company shown in said balance sheet.

X.

Reports to stockholders show that the Louisville & Nashville Railroad Company charged to operation expenses for permanent improvements, in 1899 $517,784.59; 1900, $1,021,843.06; 1901, $1,474,502.72; 1902, $1,487,277.19; 1903, $2,000,203.63; 1904, $1,746,183.82; 1905, $2,562,314.40.

The report of the Louisville & Nashville Railroad Co. for the fiscal year ending June 30, 1903, p. 16 shows as follows:

	1902-3.	1901-2.	Percentage increase.
Earnings per ton per mile	.779	.741	5.1282
Expenses per ton per mile	.542	.513	5.6530
Net earnings per ton per mile	.237	.228	3.974
Percentage of expenses of freight earnings	69.53	69.21	.4624
Net earnings per mile of road	$3337.83	$2948.77	13.1943

The report of the Louisville & Nashville Railroad Co. for the fiscal year ending June 30, 1903, p. 22, shows: "Surplus, after payment of dividends, transferred to the credit of Profit and Loss Account, $3,211,047.74."

1499 XI.

The following is an extract from Table 11, p. 35, of Southern Railway Annual Report, for year ending June 30, 1905, entitled "Statement of Results of Operation of Lines composing the Southern Railway System" etc.

Year ended June 30.	Miles.	Gross earnings.	Expenses & taxes.	Net earnings.
1896.....	4,573.	$19,082,247.	$13,451,448.	$5,630,799
1897.....	4,805.	19,079,500.	13,233,156.	5,846,344
1898.....	4,937.	21,095,838.	14,501,864.	6,593,974.
1899.....	5,377.	25,353,686.	17,356,355	7,997,331
1900.....	6,306.	31,200,870.	21,831,447.	9,369,423
1901.....	6,612.	34,669,482	24,343,625	10,316,857
1902..... ...	6,743.	37,712,248	26,846,837	10,865,411
1903.....	7,129.	42,354,060	30,989,140.	11,364,920
1904.....	7,164.	45,109,777	33,115,467	11,994,310
1905.....	7,198.	48,145,108	35,082,515	13,062,593

For the year ended June 30, 1895, the figures as shown by Annual Report of Southern Railway for 1903 were: Miles 4,391; Gross Earnings $17,959,119; Expenses and Taxes, $12,790,523; Net Earnings $5,168,596.

XII.

In the Annual Report of the Mobile & Ohio Railroad Company for the year ended June 30, 1903, the "cost of road and property" is stated to be $27,353,922.30; capital stock outstanding $5,370,600; funded debt, $26,450,765.56.

The earnings and expenses of the M. & O. R. R. in 1903 increased over 1902 as follows:

Gross Earnings increased 15.01 per cent.; Maintenance of Way and Structures increased, 30.20 per cent.; Maintenance of equipment increased 31.53 per cent.; Conducting transportation increased 8.89 per cent.; General Expenses increased 5.59 per cent. Taxes decreased 3.89 per cent.

More than one-half of the increase in expense of conducting transportation was in cost of fuel.

It is stated on p. 10 of said 1903 report, that:

1500 "During the past two years 216 miles of new 75-lb. rail have been put in the track, replacing 56-lb. and 60-lb. rail."

XIII.

The following figures are shown by the Annual Report of the Gulf & Ship Island Railroad Company, for the year ended June 30, 1903:

	1903.	1902.	Increase.	Increase per cent.
Average Miles Operated	251	251	.....	.....
Gross Earnings	$1,705,047.	$1,374,684.	$330,363.	24.03
Operating Expenses and Taxes	1,079,618.	940,514.	139,104.	14.79
Net Earnings	625,429.	434,170	191,259	44.05
Other Income	3,719	.....	3,719	.....
Total Net Income	629,148	434,170	194,978	44.91
Interest	195,430	175,311	20,119	11.47
Balance applicable to dividends	433,718	258,859.	174,859.	67.55
Dividends	100,000	.....	100,000	.....
Surplus	333,718	258,859	74,859	28.92
Per Ct. of Op. exp. and taxes to earnings	63.32	68.42	Dec. 5.10	.....

It is further shown by said Annual Report of the Gulf & Ship Island Railroad Co., for the year ended June 30, 1903, that:

"Of the increase of $330,363 in total earnings in 1903, $247,263 accrued in the freight department and $71,829 in the passenger department, the remainder being derived from miscellaneous sources."

XIV.

Exhibit No. 19 of car performance for March 1903 on shipments via G. & S. I. R. R. and I. C. R. R., from Eastman, Gardiner & Co. showed that some cars had been in transit as much as 122 days. The list embraced all cars of Eastman, Gardiner & Co., for the month of March 1903, of which they had data, to show car performance.

1501

XV.

It is agreed that the publications of the Interstate Commerce Commission, entitled "Statistics of Railways in the United States," and "Preliminary Report on the Income Account of Railways in the United States" may be referred to by either party on the hearing of this cause, and that the Court takes judicial notice of the contents of said publications.

XVI.

Illinois Central Sup. 10 to Division Sheet A-1416 shows divisions on lumber originating at Kingston and Laurel, on line of Gulf & Ship Island R. R., as follows:

To—	G. & S. I.	Ill. Cent.	Beyond.	Total.
Bessemer, Ala	3½	3½	3	10c.
Birmingham, Ala	3½	3½	3	10c.
Chattanooga, Tenn	3¼	3¼	5½	12c.
Emory Gap, Tenn	3¼	3¼	10½	17c.
Ensley, Ala	3½	3½	3	10c.
Gate City, Ala	2¼	2¼	4½	10c.
Memphis, Tenn	5½	5½	...	11c.
New Orleans, La	3	3	...	6c.

XVII.

The divisions on lumber delivered to the M. & O. R. R. at Meridian by the N. O. & N. E. R. R. for Cairo and beyond are as follows:

G. & S. I. to Hattiesburg..... 6 cents.
N. O. & N. E. R. R., Hattiesburg to Meridian..... 3 cents.
M. & O. R. R., Meridian to Cairo..... 7 cents.

XVIII.

The lumber tonnage of the G. & S. I. R. R. for 1902 was 735,712 tons, out of a total tonnage of 825,892 tons; and for 1903, 841,686 tons out of a total tonnage of 962,213 tons.

The percentage of lumber tonnage of the total was in 1902 81.52 per cent.; in 1903, 79.63 per cent.

XIX.

It is agreed that the following statement is correct:

Comparative Statistical Data Based on Southern Railway Annual Reports for Years 1894-'5 *and* 1901-'2.

	1902.	1895.	Increase.	Increase.
Revenue tons June 30th.....	16,811,538 tons.	6,675,750 tons.	10,135,788	151.83%
Freight Locomotives at June 30th	598 Freight Locos.	397 Freight Locos.	201	50.63%
Total miles at June 30th.....	6,765.91	4,391.94	2,373.97	....
Mileage of Freight Engines...	12,198,409 miles.	6,768,236 miles.	5,430,173	80.23%
Engine performance per locomotive.....	20,398* miles.	17,048 miles.	3,350	19.65%
Number Tons One Mile.....	2,678,308,627 tons 1 mile.	1,098,932,884 tons 1 mile.	.....	.....
Tons One Mile per Engine.....	4,478,777	2,768,093	1,710,684	61.80%
Freight Earnings	$24,942,459.66	$10,816,023.52	$14,126,436.14	130.61%

* Does not include mixed train or other mileage.

1503 In the Annual Report of the Southern Railway Company for the year ended June 30, 1895, p. 5, it is stated:

"The equipment of the several lines of railway acquired by the Company was inadequate in amount, and much of it unsuitable in character and condition, even for the traffic of the past year of great depression, and contracts were therefore promptly made for additional and more modern equipment in order to reduce operating expenses, to provide in time for an increase in the volume of traffic and to secure the benefit of the low prices prevailing during the past year. The wisdom of this policy has been fully justified in all of these particulars."

XX.

Illinois Central Annual Report of Directors to Stockholders for the year ended June 30, 1903, Table No. 5, p. 14 shows that the percentage of company material transported to all freight transported was 13.98 per cent.

XXI.

It is shown by Illinois Central Railroad Co.'s annual report for the year ending June 30, 1903, page 3, as follows:

"During the year 63 new locomotives were bought, of which 7 replaced old ones disposed of and 56 constitute additions to the equipment."

"Eleven thousand one hundred and two new freight cars and two work cars were bought or built in the Company's shops. Of the new freight cars, 1,436 replaced old cars destroyed, or disposed of, and 9,666 were added to the equipment."

XXII.

The following compilation from the Statistics of Railways in the United States, and from Annual Report of Southern Railway Company for year ending June 30, 1905, is for convenience here tabulated:

1504 The Southern Railway Company, which was organized in 1894, has since said date, paid dividends as follows:

Year.	Dividends on common stock.	Rate.	Dividends on preferred stock.	Rate.
1895				
1896				
1897			$543,000.	1.00
1898			543,000.	1.00
1899			572,904	1.00
1900			1,800,000.	3.00
1901			2,400,000	4.00
1902			1,500,000	2.50
1903			4,500,000	7.50
1904			3,000,000	5.00
1905			3,000,000	5.00

Statistics of Rys. 1895, p. 576
Statistics of Rys. 1896, p. 575
Statistics of Rys. 1897, p. 560
Statistics of Rys. 1898, p. 566
Statistics of Rys. 1899, p. 581
Statistics of Rys. 1900, p. 565
Statistics of Rys. 1901, p. 567
Statistics of Rys. 1902, p. 576
Statistics of Rys. 1903, p. 580
Statistics of Rys. 1904, p. 584
Annual Report, Southern Ry. Co., 1905, p. 3

XXIII.

On page 16 of Annual Report of the Southern Railway Co., for year ended June 30, 1905, it is stated:

"It will be noted from the Classification of Tonnage Moved, Table 16, page 41, that during the year previous the low class traffic hauled, such as products of mines, products of forests, iron,—pig and bloom, rails, cement, brick, lime, etc., constituted 66.43 per cent. of the total traffic hauled, while for the present year that class of traffic amounted to only 64.44 per cent. of the total traffic moved."

XXIV.

The average rate per ton per mile of the Illinois Central on all classes of traffic for 1903 was 5.91 mills; for 1904, 6.07 mills; for 1905, 5.87 mills.

1505

XXV.

The Gulf & Ship Island Railroad Company's Annual Report, p. 5, for the year ended June 30, 1905, states:

"For the fiscal year ended June 30, 1905, gross earnings show an increase over the previous year, notwithstanding prolonged interruptions of traffic by almost unprecedented rains in January, February and April."

XXVI.

The following is taken from page 1 of Fifty Third Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1903, viz:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1902, was.....	4,283.90
To which there was added, on December 21, 1902, the St. Louis & Ohio River Railroad.....	17.20
Making the number of miles of railroad in operation on June 30, 1903.....	4,301.10

The average number of miles of railroad operated during the year ended June 30, 1903, has been 4,292.98, against an average of 4,276.23 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1903:

Gross Receipts from Traffic.....		$45,186,076 86
Expenses of Operation.....	$29,835,883 35	
Taxes	1,862,072 02	
		31,697,955 37
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes.....		$13,488,121 49
Net Receipts from Sale of Lands.....		15,830 34
Income from Investments, and Miscellaneous Profits		3,445,317 51
Excess of Income over Expenses of Operation and Taxes		$16,949,269 34
From this there have been paid:		
Interest on Funded Debt, and Bonds drawn under Sinking Fund	$3,049,740 00	
Rent of Subsidiary Railroads....	3,170,136 21	
Total Fixed Charges.....		6,219,876 21
Net Income for the year ended June 30, 1903....		$10,729,393 13
Surplus Dividend Fund brought forward June 30, 1902, as shown in last Report.....		1,132,446 92
Amount Available		$11,861,840 05

This has been disposed of as follows:

96th Semi-Annual Cash Dividend, paid March 2, 1903.....	$2,851,200 00	
97th Semi-Annual Cash Dividend, payable September 1, 1903....	2,851,200 00	
		$5,702,400 00
Set apart from Income to provide for the difference between $3,-100,000 (£620,000) of Sterling Sinking Fund five per cent. Bonds, due April 1, 1903, and the $3,000,000 of three and one-half per cent. Gold Bonds, due 1951, which were issued in extension of a part of them.....	$100,000 00	
For Betterments	4,881,253 13	
		4,981,253 13
Carried forward to Surplus Dividend Fund, as of June 30, 1903, and set apart as applicable to future Dividends		1,178,186 92
		$11,861,840 05

1506 XXVII.

The following is taken from page 1 of the Fifty Fourth Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1904, viz:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1903, was....		4,301.10
There have since been added the following:		
July 1, 1903, Main tracks at Council Bluffs, Ia., bought from Omaha Bridge & Terminal Railway Co.....	2.36	
August 18, 1903, East Cairo to Paducah, Ky..	31.89	
November 1, 1903, Gale to Thebes, Ill.....	1.67	
November 16, 1903, Christopher to Zeigler, Ill...	4.53	
January 3, 1904, Mounds to Olive Branch, Ill.	10.49	
June 28, 1904, Groves to Sand Ridge, Ill...	17.26	
		68.20
January 3, 1904, Trackage rights over Chicago & Eastern Illinois Railroad, Olive Branch to Thebes, Ill.		9.34
		4,378.64

Less:		
July 1, 1903, Moffat to Troy, Tenn., transferred to "Sidings"	4.60	
June 30, 1904, Straightening line between Waterloo and Fort Dodge, Ia.	.32	
		4.92
Making the number of miles of railroad in operation on June 30, 1904		4,373.72

The average number of miles of railroad operated during the year ended June 30, 1904, has been 4,340.35, against an average of 4,292.98 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1904:

Gross Receipts from Traffic		$46,831,135 90
Expenses of Operation	$32,793,251 31	
Taxes	1,942,430 86	
		34,735,682 17
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes		$12,095,453 73
Net Receipts from Sale of Lands		41,053 42
Income from Investments and Miscellaneous Profits		2,675,495 72
Excess of Income over Expenses of Operation and Taxes		$14,812,002 87
From this there have been paid:		
Interest on Funded Debt, and on St. Louis Division Prior Lien Bonds	$3,481,824 91	
Rent of Subsidiary Railroads	2,464,250 45	
Total Fixed Charges		5,946,075 36
Net Income for the year ended June 30, 1904		8,865,927 51
Surplus Dividend Fund brought forward June 30, 1903, as shown in last Report		1,178,186 92
Amount Available		$10,044,114 43
This has been disposed of as follows:		
98th Semi-Annual Cash Dividend, paid March 1, 1904	$2,851,200 00	
99th Semi-Annual Cash Dividend, payable September 1, 1904	2,851,200 00	
		$5,702,400 00

Advanced to the Dubuque & Sioux City R.R.Co., as explained below	$536,618 76	
Set apart for Betterments	2,579,328 75	
		3,115,947 51
Carried forward to Surplus Dividend Fund, as of June 30, 1904, and set apart as applicable to future Dividends		1,225,766 92
		$10,044,114 43

1507 XXVIII.

The following is taken from page 1 of the Fifty Fifth Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1905:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1904, was	4,373.72
There was added on November 27, 1904, on account of diversion of the line at Cedar Falls, Iowa	.32
Making the number of miles of railroad in operation on June 30, 1905	4,374.04

The average number of miles of railroad operated during the year ended June 30, 1905, has been 4,373.91, against an average of 4,340.35 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1905:

Gross Receipts from Traffic		$49,508,649 94
Expenses of Operation	$33,084,257 94	
Taxes	2,027,448 11	
		35,111,706 05
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes		$14,396,943 89
Net Receipts from Sale of Lands		2,487 85
Income from Investments and Miscellaneous Profits		2,759,019 54
Excess of Income over Expenses of Operation and Taxes		$17,158,451 28

From this there have been paid:		
Interest on Funded Debt, and on St. Louis Division Prior Lien Bonds	$3,938,470 00	
Rent of Subsidiary Railroads, including therein the interest on all the bonds of leased or subsidiary railroads which are guaranteed by the Illinois Central R. R. Co.	3,084,639 30	
Total Fixed Charges		7,023,109 30
Net Income for the year ended June 30, 1905		$10,135,341 98
Surplus Dividend Fund brought forward June 30, 1904 as shown in last Report		1,225,766 92
Amount Available		$11,361,108 90
This has been disposed of as follows:		
100th Semi-Annual Cash Dividend, paid March 1, 1905, 3% regular and ½% extra	$3,326,400 00	
101st Semi-Annual Cash Dividend, payable September 1, 1905, 3% regular and ½% extra	3,326,400 00	
		$6,652,800 00
Discount on bonds sold, as explained below	$1,255,395 71	
Added to the Insurance Fund	500,000 00	
Set apart for Betterments	1,683,886 27	
		3,439,281 98
Carried forward to Surplus Dividend Fund, as of June 30, 1905, and set apart as applicable to future Dividends		1,269,026 92
		$11,361,108 90

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XXIX.

On page 2 of Annual Report of Illinois Central Railroad Company for year ended June 30, 1905, Directors to Stockholders, it is stated under head of "Dividend and Insurance Funds:"

"The Sum of $43,260, derived from interest on securities in the Surplus Dividend Fund, has been added to that fund, which now amounts to $1,269,026.92.

"The Insurance Fund, after the payment therefrom of all losses by fire, including $87,250.78 for freight cars exclusive of contents, burned at New Orleans, February 26, 1905 was augmented during the year through ordinary operations by $45,648.25, besides which, in view of the large additions to equipment and other insurable property, and of the sums possibly to be disbursed on account of the fire above referred to, there has been specially set apart from the Income of this year, and added to the Fund $500,000. The amount at credit of the Fund, June 30, 1905, as shown in Abstract G, was $2,152,919.41."

XXX.

On page 3 of Annual Report of Illinois Central Railroad Company for year ended June 30, 1905, Directors to Stockholders, it is stated under head of "Permanent Improvements:"

"In the betterment of the property there have been spent during the year $4,400,822.27, as set forth in detail in Table No. 1. Of this sum, $1,683,886.37 were paid from current income and $2,716,936 were charged to Capital."

XXXI.

The dividends declared by the Illinois Central Railroad Company have been as follows for the years named:

1898	5 per cent
1899	5 " "
1900	5½ "
1901	6 per cent
1902	6 " "
1903	6 " "
1904	6 " "
1905	7 " "

XXXII.

The following table is taken from page 2 of Annual Report of Illinois Central Railroad Company for the year ending June 30, 1905, Directors to Stockholders, viz:

Report for the Year Ended June 30, 1905.

As compared with the preceding year:

The average number of miles of railroad operated increased...	33.56	or	.77 per cent
Gross Receipts from Traffic increased	$2,677,514 04	"	5.72 "
Expenses of Operation increased.	291,006 63	"	.89 "
Taxes increased	85,017 25	"	4.38 "
Income from Traffic increased...	2,301,490 16	"	19.03 "
Net Receipts from Sale of Lands decreased	38,565 57	"	93.94 "
Income from Investments, and Miscellaneous Profits increased.	83,523 82	"	3.12 "
Excess of Income over Expenses of Operation and Taxes increased	2,346,448 41	"	15.84 "
Total Fixed Charges increased...	1,077,033 94	"	18.11 "
Net Income for the fiscal year increased	1,269,414 47	"	14.32 "
The amount available after deducting Fixed Charges increased	1,316,994 47	"	13.11 "
The amount of Dividends paid or set apart increased.....	950,400 00	"	16.67 "
The sum appropriated from Income for Betterments decreased	895,442 48	"	34.72 "
The sum appropriated from Income for other purposes increased	1,218,776 95	"	227.12 "
Surplus Dividend Fund has been augmented by	43,260 00	"	3.53 "

XXXIII.

Table No. 1, p. 11 of Annual Report of Illinois Central Railroad Directors to Stockholders, for year ended June 30, 1905, shows that the total expended for permanent improvements by said company during said fiscal year was $4,400,822.27.

XX-IV.

The following is taken from page 3 of Annual Report of Southern Railway Company, for the year ended June 30, 1904, viz:

1510 To the Stockholders of the Southern Railway Company:

The President and Board of Directors submit the following report of the operations of the Company for the year ended June 30, 1904:

Income Account.

	1904.	1903.	Increase.
Gross Earnings from Operation	$45,109,777 34	$42,354,059 76	$2,755,717 58
Operating Expenses and Taxes	33,115,467 12	30,989,139 88	2,126,327 24
Net Earnings from Operation	$11,994,310 22	$11,364,919 88	$629,390 34
Income from Other Sources	1,395,181 01	1,211,261 32	183,919 69
Total Income	$13,389,491 23	$12,576,181 20	$813,310 03
Interest and Rentals	$8,952,328 58	$8,446,040 60	$506,287 98
Other Deductions from Income	256,762 73	287,663 54	Dec. 30,900 81
Total Deductions	$9,209,091 31	$8,733,704 14	$475,387 17
Surplus Income over Charges	$4,180,399 92	$3,842,477 06	$337,922 86
Dividends on Preferred Stock:			
No. 11, two and one-half per cent., paid in April, 1903. No. 13, two and one-half per cent., paid in April, 1904	$1,500,000 00	$1,500,000 00	
No. 12, two and one-half per cent., paid in October, 1903, and Reserve for Dividend No. 14, two and one-half per cent., payable in October, 1904	1,500,000 00	1,500,000 00	
Total Dividends	$3,000,000 00	$3,000,000 00	
Surplus over Preferred Dividends	$1,180,399 92	$842,477 06	$337,922 86
Special Appropriations for Improvements and Betterments not to be Capitalized	773,806 38	135,000 00	638,806 38
Balance carried to credit of Profit and Loss	$406,593 54	$707,477 06	Dec. $300,883 52

Special appropriations for improvements not to be capitalized consist of cost of: reduction of grades and curvature, elimination of grade crossings, new shop and station buildings, strengthening bridges not requiring renewal, but needed for use of heavy motive power, new locomotives in anticipation of future renewals, and miscellaneous small improvements not producing revenue.

1511 XXXV.

The following is taken from page 3 of Annual Report of Southern Railway Company, for the year ended June 30, 1905:

To the Stockholders of the Southern Railway Company:

The President and Board of Directors submit the following report of the operations of the Company for the year ended June 30, 1905:

Mileage Operated.

The total mileage operated on June 30, 1905, was	7,195.32	miles.
The total mileage operated on June 30, 1904, was	7,196.82	"
A decrease of	1.50	"
The average number of miles operated during the fiscal year 1905, was	7,198.99	"
The average number of miles operated during the previous year, was	7,164.39	"

Income Account.

	1905.	1904.	Increase.
Gross Earnings from Operation	$48,145,108 15	$45,109,777 34	$3,035,330 81
Operating Expenses and Taxes	35,082,514 61	33,115,467 12	1,967,047 49
Net Earnings from Operation	$13,062,593 54	$11,994,310 22	$1,068,283 32
Income from Other Sources	1,612,840 44	1,395,181 01	217,659 43
Total Income	$14,675,433 98	$13,389,491 23	$1,285,942 75
Interest and Rentals	$9,290,433 41	$8,952,328 58	$338,104 83
Other Deductions from Income	233,368 57	256,762 73	Dec. 23,394 16
Total Deductions	$9,523,801 98	$9,209,091 31	$314,710 67
Surplus Income over Charges	$5,151,632 00	$4,180,399 92	$971,232 08
Dividends on Preferred Stock:			
No. 13, two and one-half per cent., paid in April, 1904; No. 15, two and one-half per cent., paid in April, 1905	$1,500,000 00	$1,500,000 00	
No. 14, two and one-half per cent., paid in October, 1904, and Reserve for Dividend No. 16, two and one-half per cent., payable in October, 1905	1,500,000 00	1,500,000 00	
Total Dividends	$3,000,000 00	$3,000,000 00	
Surplus over Preferred Dividends	$2,151,632 00	$1,180,399 92	$971,232 08
Special Appropriations for Improvements and Betterments not to be Capitalized	1,056,549 49	773,806 38	282,743 11
Balance carried to credit of Profit and Loss	$1,095,082 51	$406,593 54	$688,488 97

On page 4 of said Annual Report of Southern Railway Co., for year ended June 30, 1905, it is stated:

"Improvements and Betterments not to be capitalized: Improvements and Betterments not to be capitalized consist of: reduction of grades and curvature, elimination of grade crossings, new stations and other buildings, new bridges for use of heavier motive power replacing others not requiring renewal, and miscellaneous small improvements not producing revenue."

1512 XXXVI.

On p. 5 of Annual Report of Gulf & Ship Island Railroad Company for year ended June 30, 1904, it is stated:

"For the fiscal year ended June 30, 1904, gross earnings show an increase over the previous fiscal year, in which railroad revenues generally reached their maximum.

"In the first six months of 1904 there was a decided decline in the demand for lumber throughout the United States, owing to the closing down of car works and general financial stringencies, and a sympathetic weakening in the prices offered for export lumber also tended to decrease the output; but, notwithstanding those unfavorable conditions, we were able to keep our revenues up to the high level reached the year previous. This was mainly due to the fact that our mills had an outlet to foreign markets through Gulfport harbor, and to the material increase in passenger earnings."

XXXVII.

The following is taken from Abstract "H," Application of Income Annual Report of Illinois Central Railroad Company, Directors to Stockholders, year ended June 30, 1905, p. 8, viz:

Rent of C., St. L. & N. O. R. R.—				
Currency, Second Mortgage Sixes of 1907	$80,000 @ 6%	$4,800 00		
Gold Fives of 1951	16,555,000 " 5%	827,750 00		
Gold Three-and-a-halfs of 1951	1,359,000 " 3½%	47,565 00		
Gold, Memphis Division Fours of 1951	3,500,000 " 4%	140,000 00		
Gold, Bridge Bonds Fives of 1950	3,000,000 " 5%	150,000 00		
Gold, Louisville Division Three-and a-halfs of 1953	21,788,000 " 3½%	762,580 00		
Leased Line Stock	10,000,000 " 4%	400,000 00		
Sinking Fund for Cairo Bridge Bonds, December 1, 1904, and June 1, 1905	$20,000 00			
Trust Fund for C., St. L. & N. O. R. R. Co., December 1, 1904, and June 1, 1905	10,000 00			
		30,000 00		
Salaries of Trustees and others		325 00		
Rent of Cecelia Branch		40,000 00		
Rent of Line from Princeton to Gracey		12,039 70		
			$2,415,059 70	
Rent of Peoria, Decatur & Mattoon R. R. for nine months, from July 1, 1904, to March 31, 1905			98,335 68	
Rent of Dubuque & Sioux City R. R. (including $46,733.60 Sinking Fund on Gold, Western Lines Fours, and $10,000 Sinking Fund on Gold, Omaha Division Threes)		$938,243 92		
Less—				
Interest on Gold, Western Lines Fours of 1951, as above	$217,000 00			
Interest on Gold, Omaha Division Threes of 1951, as above	150,000 00			
		367,000 00	571,243 92	
				3,084,639,30

XXXVIII.

The term "Surplus" as used in Exhibit "G" to Bowes' Testimony, Commission Record, p. 854, and as used in Defendants' Court Testimony, page 237, Exhibit entitled "Statement of Receipts, Operating Expenses, etc. of the Main Line and Kosciusko Branch, Memphis Division, and Louisville Division of the Chicago, St. Louis & New Orleans Railroad" means the same as "Net Income" in the tabulation of Reports of Illinois Central Railroad Company
1513 south of Ohio River, made to and filed with the Interstate Commerce Commission from the year ended June 30th, 1891 to and including the year ended June 30, 1901, hereinafter set forth.

XXXIX.

The following statement is taken from Annual Report of the Mobile & Ohio Railroad Company for the year ended June 30, 1905, viz:

Income Account.

	1905.	1904.	Increase or decrease.
Miles of Road Operated.....	926 08	912.48	Inc. 13 60
Gross Earnings from Operation.....	$8,267,601 84	$7,739,706 26	Inc. $527,895 58
Operating Expenses and Taxes..	5,650,885 40	5,399,910 17	Inc. 250,975 23
Net Earnings from Operation.	$2,616,716 44	$2,339,796 09	Inc. $276,920 35
Income from Other Sources. .	127,336 00	123,030 00	Inc. 4,306 00
Total Income.....	$2,744,052 44	$2,462,826 09	Inc. $281,226 35
Interest and Rentals.....	$1,754,724 99	$1,677,587 75	Inc. $77,137 24
Other Charges against Income.	581,232 86	451,799 52	Inc. 129,433 34
Total Deductions... ...	$2,335,957 85	$2,129,387 27	Inc. $206,570 58
Balance Available Income....	$408,094 59	$333,438 82	Inc. $74,655 77
Dividend on Stock.....	242,824 00	121,412 00	Inc. 121,412 00
Balance carried to Credit of Profit and Loss.....	$165,270 59	$212,026 82	Dec. $46,756 23

On page 7 of said Annual Report of Mobile & Ohio Railroad Company for year ended June 30, 1905, it is stated:

"Cost of Road: No charge has been made to Capital Account during year."

The following statement is taken from page 8 of Annual Report of Mobile & Ohio Railroad Company for year ended June 30, 1905, viz:

Operating Accounts.

Earnings and Expenses.

The Earnings and Expenses, in comparison with those of the previous year, were as follows:

	1905.	1904.	Increase or decrease.	Per cent. of increase or decrease.
Miles of Road Operated.	926.08	912.48	Inc. 13.60	Inc. 1.49
Gross Earnings.....	$8,267,601 84	$7,739,706 26	Inc. $527,895 58	Inc. 6.82
Operating Expenses and Taxes:				
Maintenance of Way and Structures.....	$1,179,655 11	$1,203,487 75	Dec. $23,832 64	Dec. 1.98
Maintenance of Equipment.....	911,215 78	818,320 40	Inc. 92,895 38	Inc. 11.35
Conducting Transportation	3,108,940 76	2,958,622 02	Inc. 150,318 74	Inc. 5.08
General Expenses .	271,537 15	247,270 03	Inc. 24,267 12	Inc. 9.81
Taxes.....	179,536 60	172,209 97	Inc. 7,326 63	Inc. 4.25
Total.....	$5,650,885 40	$5,399,910 17	Inc. $250,975 23	Inc. 4.65
Net Earnings..... ...	$2,616,716 44	$2,339,796 09	Inc. $276,920 35	Inc. 11.84
Ratio of Operating Expenses and Taxes to Gross Earnings.....	68.35 %	69.77 %	Dec. 1.42 %	

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XL.

The following table is taken from page 2 of Annual Report of Illinois Central Railroad Company Directors to Stockholders, for the year ending June 30, 1904:

Report for the Year Ended June 30, 1904.

As compared with the preceding year:

The average number of miles of railroad operated increased..	47.37	or	1.10 per cent.
Gross Receipts from Traffic increased	$1,645,059 04	"	3.64 "
Expenses of Operation increased	2,957,367 96	"	9.91 "
Taxes increased.....	80,358 84	"	4.32 "
Income from Traffic decreased.	1,392,667 76	"	10.32 "
Net Receipts from Sale of Lands increased	25,223 08	"	159.33 "
Income from Investments, and Miscellaneous Profits decreased	769,821 79	"	22.34 "
Excess of Income over Expenses of Operation and Taxes decreased	2,137,266 47	"	12.61 "
Total Fixed Charges decreased.	273,800 85	"	4.40 "
Net income for the fiscal year decreased	1,863,465 62	"	17.37 "
The amount available after deducting Fixed Charges decreased	1,817,725 62	"	15.32 "
The sum appropriated from Income for Betterments decreased	2,301,924 38	"	47.16 "
Surplus Dividend Fund has been augmented by.....	47,580 00	"	4.04 "

XLI.

The following are the General Balance Sheets of the Illinois Central Railroad Company, for the fiscal years ended June 30, 1904, and June 30, 1905, taken from its Annual Report, Directors to Stockholders, viz:

GENERAL BALANCE SHEET.

Abstract.				Abstract.			
A	RAILROADS AND EQUIPMENT		$154,736,442 24		CAPITAL STOCK		$ 93,048,600 00
	REAL ESTATE		324,100 61		LEASED LINE STOCK		10,000,000 00
B	MATERIAL AND SUPPLIES		2,774,360 78	K	FUNDED DEBT of Illinois Central R. R. Co.	$125,125,975 00	
C	STOCKS OWNED		6,584,667 50	K	FUNDED DEBT of Chicago, St. Louis & New Orleans R. R. Co.	16,224,000 00	141,372,975 00
D	BONDS OWNED		24,755,810 24		SET APART TO PROVIDE FOR DIVIDEND PAYABLE SEPTEMBER 1, 1904		2,551,200 00
F	ADVANCES ON ACCOUNT OF OTHER RAILROADS		4,807,527 99		PROFIT AND LOSS		3,160,965 19
				E	NET LIABILITIES		5,809,650 26
	ST. L., A. & T. H. R. R. AND SUBSIDIARY LINES SUSPENSE ACCOUNT	$3,326,960 00			STOCK AND FUNDED DEBT of ST. L., A. & T. H. and Subsidiary Lines	$3,326,300 00	
G	ASSETS IN INSURANCE FUND	1,607,271 16		G	INSURANCE FUND	1,607,271 16	
H	ASSETS IN SURPLUS DIVIDEND FUND	1,205,766 92		H	SURPLUS DIVIDEND FUND	1,205,766 92	
	ASSETS IN PENSION FUND	250,000 00	6,411,326 08		PENSION FUND	250,000 00	6,411,326 08
			$265,543,529 76				$265,543,529 76

ASSETS AND LIABILITIES JUNE 30, 1904.

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GENERAL BALANCE SHEET.

Abstract.				Abstract.			
A	RAILROADS AND EQUIPMENT		$190,622,348 98		CAPITAL STOCK		$83,040,000 00
	REAL ESTATE		321,000 61		LEASED LINE STOCK		10,000,000 00
B	MATERIAL AND SUPPLIES		2,474,510 51	K	FUNDED DEBT of Illinois Central R. R. Co.	$107,625,973 00	
C	STOCKS OWNED		6,736,133 39	K	FUNDED DEBT of Chicago, St. Louis & New Orleans R. R. Co.	15,324,000 00	142,974,973 00
D	BONDS OWNED		15,650,348 92		SET APART TO PROVIDE FOR DIVIDEND PAYABLE SEPTEMBER 1, 1905		3,326,100 00
F	ADVANCES ON ACCOUNT OF OTHER RAILROADS		916,200 00		PROFIT AND LOSS		3,166,999 12
E	NET ASSETS		6,240,182 12				
	ST. L., A. & T. H. R. R. AND SUBSIDIARY LINES SUSPENSE ACCOUNT	63,326,300 70			STOCK AND FUNDED DEBT of St. L., A. & T. H. and Subsidiary Lines	62,326,300 00	
G	ASSETS IN INSURANCE FUND	3,193,919 41		G	INSURANCE FUND	3,193,919 41	
H	ASSETS IN SURPLUS DIVIDEND FUND	1,980,000 91		H	SURPLUS DIVIDEND FUND	1,980,000 91	
	ASSETS IN PENSION FUND	330,000 00	7,806,348 23		PENSION FUND	330,000 00	7,806,348 23
			$305,299,501 43				$305,299,501 43

REPORT FOR THE YEAR ENDED JUNE 30, 1905.

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XLII.

The following tables are taken from Illinois Central Railroad Company's annual reports, Directors to Stockholders, for the years ended June 30,1904 and June 30,1905, viz:

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1904 *and* 1903.

	Year Ended June 30th.		Increase.	Per Cent of Increase or Decrease	Decrease.
	1904.	1903.			
Tons of Revenue Freight Carried	22,420,814	21,881,870	538,944	2.46	
Tons of Revenue Freight Carried One Mile	5,221,132,514	5,176,543,778	44,588,736	.86	
Average Distance Haul of One Ton	232.97 miles	236.57 miles		1.56	3.70 miles
Freight Receipts	$31,692,575.33	$30,592,094.32	$1,100,481.01	3.60	
Average Receipts per Ton	$1.41	$1.40	$0.01	.71	
Average Receipts per Ton per Mile	607-1000c	601-1000c	16-1000c	2.71	
Freight Receipts per Mile of Road	$7,301.85	$7,126.07	$175.78	2 47	
*Miles Run by Freight Trains	18,797,092	17,962,510	834,582	4.65	
Freight Receipts per Train Mile	$1.68 60-100c	$1.70 31-100c		1.00	1 71-100c
Number of Passengers Carried	22,563,613	21,231,607	1,332,006	6.27	
Number Carried One Mile	455,092,114	435,432,199	29,659,985	6.51	
Average Distance Traveled by each Passenger	21.50 miles	21.45 miles	0.05 miles	.23	
Passenger Receipts	$9,554,743.16	$8,977,228.09	$577,515.07	6.43	
Average Fare of each Passenger	$0.42 85-100c	$0.42 28-100c	7-100c	.17	
Average Receipts per Passenger per Mile	$0 01 970-1000c	$0.01 971-1000c		.08	1-1000c
Passenger Receipts per Mile of Road	$2,201.38	$2,091.14	$110.24	5.27	
Gross Receipts of Passenger Trains	$11,593,094.17	$11,044,338 23	$548,760.94	4.97	
Gross Receipts of Passenger Trains per Mile of Road	$2,671.00	$2,572.65	$98.35	3.82	
*Miles Run by Passenger Trains	11,303,640	11,273,982	29,658	.26	
Receipts of Passenger Trains per Train Mile	$1.02 56-100c	$0.97 96-100c	$0.04 60-100c	4.70	

* Includes Mileage of Mixed Trains.

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1905 *and* 1904.

	Year Ended June 30th.		Increase.	Per Cent of Increase or Decrease	Decrease.
	1905.	1904.			
Tons of Revenue Freight Carried	23,148,309	22,420,814	727,495	3.24	
Tons of Revenue Freight Carried One Mile	5,559,139,454	5,221,132,514	338,006,940	6.47	
Average Distance Haul of One Ton	240.15 miles	232.97 miles	7.28 miles	3.13	
Freight Receipts	$32,607,929.17	$31,692,575.33	$915,346.84	2.89	
Average Receipts per Ton	$1.41	$1.41			
Average Receipts per Ton per Mile	587-1000c	607-1000c		3.29	20-1000c
Freight Receipts per Mile of Road	$7,455.10	$7,301.85	$153.25	2.10	
*Miles Run by Freight Trains	17,425,682	18,797,092		7.29	$1,370,350
Freight Receipts per Train Mile	$1.87 11-100c	$1.68 60-100c	$0.18 51-100c	10.98	
Number of Passengers Carried	21,645,601	22,563,613		4.07	918,012
Number Carried One Mile	583,481,896	485,092,114	98,389,781	20.28	
Average Distance Traveled by each Passenger	26.96 miles	21.50 miles	5.46 miles	25.40	
Passenger Receipts	$10,729,825.37	$9,554,743.16	$1,175,082.21	12.30	
Average Fare of each Passenger	$0.49 57-100c	$0.42 85-100c	$0.07 29-100c	17.06	
Average Receipts per Passenger per Mile	$0.01 839-1000c	$0 01 970-1000c		6.65	131-1000c
Passenger Receipts per Mile of Road	$2,453.14	$2,201.38	$251.76	11.44	
Gross Receipts of Passenger Trains	$12,904,732.20	$11,503,094.17	$1,401,638.03	12.00	
Gross Receipts of Passenger Trains per Mile of Road	$2,970.96	$2,671.00	$299.96	11.23	
*Miles Run by Passenger Trains	11,646,068	11,303,640	342,428	3.02	

The following tables are taken from Illinois Central Railroad Company's annual reports, Directors to Stockholders, for the years ended June 30,1904 and June 30,1905, viz:

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1904 and 1903.

	Year Ended June 30th. 1904.	1903.	Increase.	Per Cent of Increase or Decrease	Decrease.
Tons of Revenue Freight Carried	22,420,814	21,921,870	498,944	2.45	
Tons of Revenue Freight Carried One Mile	5,221,136,514	5,176,543,778	44,592,736	.86	
Average Distance Haul of One Ton	232.87 miles	236.57 miles		1.56	3.70 miles
Freight Receipts	$31,692,575.55	$30,589,094.53	$1,103,481.01	3.60	
Average Receipts per Ton	$1.41	$1.40	$0.01	.71	
Average Receipts per Ton per Mile	607-1000c	601-1000c	10-1000c	1.71	
Freight Receipts per Mile of Road	$7,901.85	$7,126.07	$775.78	9.47	
*Miles Run by Freight Trains	18,797,032	17,963,510	834,522	4.65	
Freight Receipts per Train Mile	$1.68 60-100c	$1.70 31-100c		1.00	1 71-100c
Number of Passengers Carried	22,563,613	21,331,607	1,232,006	5.97	
Number Carried One Mile	455,092,114	455,433,199	39,658,965	8.51	
Average Distance Traveled by each Passenger	21.50 miles	21.45 miles	0.05 miles	.23	
Passenger Receipts	$9,554,743.16	$8,977,238.09	$577,515.07	6.43	
Average Fare of each Passenger	$0.42 98-100c	$0.42 81-100c	7-100c	.17	
Average Receipts per Passenger per Mile	$0.01 970-1000c	$0.01 972-1000c		.08	2-1000c
Passenger Receipts per Mile of Road	$2,201.38	$2,091.14	$110.24	5.27	
Gross Receipts of Passenger Trains	$11,585,094.17	$11,044,328.23	$540,765.94	4.97	
Gross Receipts of Passenger Trains per Mile of Road	$2,671.00	$2,572.66	$98.32	3.82	
*Miles Run by Passenger Trains	11,303,640	11,272,968	30,672	.26	
Receipts of Passenger Trains per Train Mile	$1.02 56-100c	$0.97 96-100c	$0.04 60-100c	4.70	

* Includes Mileage of Mixed Trains.

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1905 and 1904.

	Year Ended June 30th. 1905.	1904.	Increase.	Per Cent of Increase or Decrease	Decrease.
Tons of Revenue Freight Carried	23,143,309	22,420,814	737,495	3.94	
Tons of Revenue Freight Carried One Mile	5,559,139,454	5,221,136,514	338,002,940	6.47	
Average Distance Haul of One Ton	240.15 miles	232.87 miles	7.28 miles	3.13	
Freight Receipts	$32,607,020.17	$31,692,575.55	$915,340.64	2.89	
Average Receipts per Ton	$1.41	$1.41			
Average Receipts per Ton per Mile	587-1000c	607-1000c		3.29	20-1000c
Freight Receipts per Mile of Road	$7,455.10	$7,901.85	$158.25	2.10	
*Miles Run by Freight Trains	17,428,662	18,797,032		7.29	$1,370,370
Freight Receipts per Train Mile	$1.87 11-100c	$1.68 60-100c	$0.18 51-100c	10.99	
Number of Passengers Carried	21,645,501	22,563,613		4.07	918,012
Number Carried One Mile	553,481,895	455,092,114	98,389,781	20.38	
Average Distance Traveled by each Passenger	25.96 miles	21.50 miles	5.46 miles	25.40	
Passenger Receipts	$10,729,895.37	$9,554,743.16	$1,175,092.21	12.30	
Average Fare of each Passenger	$0.49 37-100c	$0.42 35-100c	$0.07 22-100c	17.05	
Average Receipts per Passenger per Mile	$0.01 889-1000c	$0.01 970-1000c	$951.70	6.05	131-1000c
Passenger Receipts per Mile of Road	$3,453.14	$2,201.38	$1,401,626.03	11.44	
Gross Receipts of Passenger Trains	$12,994,730.30	$11,585,094.17	$309.96	12.09	
Gross Receipts of Passenger Trains per Mile of Road	$2,970.96	$2,671.00	342,426	11.23	
*Miles Run by Passenger Trains	11,645,066	11,303,640	$0.09 69-100c	3.05	
Receipts of Passenger Trains per Train Mile	$1.11 58-100c	$1.02 56-100c		8.79	

* Includes Mileage of Mixed Trains.

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XLIII.

The following table is taken from Louisville & Nashville Railroad Company's Annual Report for the year ended June 30,1905,p.7, viz:

GROWTH OF TRAFFIC.

The growth of traffic for the past ten years is shown by the following table:

Years.	Average Miles Operated	Gross Earnings	Operating Expenses	Net Earnings	Gross Earnings Per Mile.	Operating Expenses Per Mile.	Net Earnings Per Mile.	Percentage of Expenses to Earnings.
1895–1896	2,965 00	$20,390,711 47	$13,505,206 22	$6,885,505 25	$6,877 14	$4,554 86	$2,322 26	66.23
1896–1897	2,980 93	20,378,307 65	13,840,218 04	6,523,089 61	6,834 23	4,645 01	2,188 97	67.98
1897–1898	2,988 00	21,096,652 82	14,021,730 14	7,074,922 68	7,061 66	4,693 88	2,367 78	67.84
1898–1899	2,988 16	23,730,485 69	15,731,587 68	8,037,805 01	7,941 21	5,264 64	2,686 57	66.31
1899–1900	3,007 33	27,741,378 89	18,603,406 02	9,138,072 87	9,224 85	6,185 97	3,038 88	67.06
1900–1901	3,189 27	*28,022,206 90	*18,233,033 30	9,789,173 60	*8,841 54	*5,733 07	3,088 77	65.07
1901–1902	3,326 73	*30,712,257 37	*20,902,457 84	9,809,819 53	*9,231 91	*6,283 14	2,948 77	68.06
1902–1903	3,438 93	*35,449,377 84	*23,970,812 44	11,478,565 40	*10,308 26	*6,970 45	3,337 83	67.62
1903–1904	3,615 19	*38,943,792 73	*25,141,548 27	11,802,244 46	*10,770 57	*6,948 63	3,821 92	64.55
1904–1905	3,826 31	*38,517,070 79	*26,430,000 97	12,087,049 73	*10,066 37	*6,903 12	3,163 25	68.57

*Freight on Company's property not included.

XLIv

The following table is taken from Annual Report of the New Orleans & Northeastern Railroad Company, for year ended June 30, 1904,pp.9 and 10.viz:

INCOME ACCOUNT.

GROSS EARNINGS.

	1902-03	1903-04	INCREASE Amount	INCREASE Per Cent.
Passenger	$476,861 61	$488,578 04	$11,716 43	2.46
Freight	1,694,116 47	1,700,553 20	96,442 73	5.80
Mail service	29,765 93	29,873 49	107 56	0.36
Express service	54,690 41	70,091 27	15,410 86	28.23
Miscellaneous	58,766 10	67,961 53	9,254 43	13.82
Totals	$2,765,050 32	$2,416,967 53	$131,931 14	5.77
Per mile of road	$11,694 20	$12,537 70	$672 46	

OPERATING EXPENSES AND TAXES.

	1902-03	1903-04	INCREASE Amount	INCREASE Per cent.
Maintenance of way	$460,392 05	$442,837 44	Dec. $17,554 61	3.81
Maintenance of equip't	366,766 02	403,824 10	37,058 24	10.00
Conducting transport'n	703,405 85	802,746 14	99,250 29	14.11
General expenses	75,511 85	83,509 77	8,997 92	11.12
	$1,606,189 25	$1,733,317 31	$127,118 29	7.91
Taxes	51,804 46	56,300 00	3,895 54	7.47
Totals	$1,657,993 71	$1,789,617 31	$130,953 83	7.90
Per mile of road	$8,461 27	$9,129 73	$668 46	
Net earnings	$927,472 08	$628,450 02	$977 34	

Railroad Company's Annual Report for the year ended June 30,1905.p.7,

viz:

GROWTH OF TRAFFIC.

The growth of traffic for the past ten years is shown by the following table:

Years.	Average Miles Operated	Gross Earnings	Operating Expenses	Net Earnings	Gross Earnings Per Mile	Operating Expenses Per Mile	Net Earnings Per Mile.	Percentage of Expenses to Earnings.
1895–1896 ..	2,965 00	$20,390,711 47	$13,505,206 22	$6,885,505 25	$6,877 14	$4,554 88	$2,322 26	66.23
1896–1897 ..	2,980.93	20,372,307 65	13,849,218 04	6,523,089 61	6,834 22	4,645 93	2,188 27	67.98
1897–1898 ..	2,988.00	21,996,652 82	14,921,730 14	7,074,922 68	7,361 66	4,993 88	2,367 78	67.84
1898–1899 ..	2,988.16	23,759,485 69	15,731,587 68	8,027,898 01	7,951 21	5,264 64	2,686 57	66.21
1899–1900 ..	3,007.35	27,742,378 89	18,603,406 02	9,138,972 87	9,224 85	6,185 97	3,038 88	67.06
1900–1901 ..	3,169 27	*28,022,206 90	*18,233,033 50	9,789,173 40	*8,841 84	*5,753 07	3,088 77	65.07
1901–1902 ..	3,326.75	*30,712,257 37	*20,902,437 84	9,809,819 53	*9,231 91	*6,283 14	2,948 77	68.06
1902–1903 ..	3,438.93	*35,449,377 84	*23,970,812 44	11,478,565 40	*10,308 26	*6,970 43	3,337 83	67.62
1903–1904 ..	3,618.19	*36,943,792 73	*25,141,548 27	11,802,244 46	*10,210 57	*6,948 63	3,261 92	68.05
1904–1905 ..	3,826.31	*38,517,070 72	*26,490,020 97	12,027,049 75	*10,066 37	*6,923 12	3,143 25	68.77

* Freight on Company's property not included.

XLIv

The following table is taken from Annual Report of the New Orleans & Northeastern Railroad Company, for year ended June 30, 1904,pp.9 and 10.viz:

INCOME ACCOUNT.

GROSS EARNINGS.

	1902-03	1903-04	INCREASE Amount	INCREASE Per Cent.
Passenger	$476,861 61	$488,578 04	$11,716 43	2.46
Freight	1,664,110 47	1,760,553 20	96,442 73	5.80
Mail service	29,765 80	29,873 49	107 69	0.36
Express service	54,590 41	70,001 27	15,410 86	28.22
Miscellaneous	59,708 10	67,961 53	8,253 43	13.82
Totals	$2,285,036 39	$2,416,967 53	$131,931 14	5.77
Per mile of road	$11,664 30	$12,337 76	$673 46	

OPERATING EXPENSES AND TAXES.

	1902-03	1903-04	INCREASE Amount	INCREASE Per cent.
Maintenance of way	$460,392 69	$442,837 44	Dec. $17,555 25	3.81
Maintenance of equip't	366,798 92	403,824 16	37,025 24	10.09
Conducting transport'n	703,495 85	802,746 14	99,250 29	14.11
General expenses	75,511 82	83,909 77	8,397 95	11.12
	$1,606,199 28	$1,733,317 51	$127,118 23	7.91
Taxes	51,364 46	55,200 00	3,835 54	7.47
Totals	$1,657,563 71	$1,788,517 51	$130,953 80	7.90
Per mile of road	$8,461 27	$9,129 75	$668 48	
Net earnings	$627,472 68	$628,450 02	$977 34	
" per mile of road	$3,203 03	$3,208 01	$4 98	
Expenses, including taxes, to earnings	72.54%	74.00%		
Expenses, excluding taxes, to earnings	70.29%	71.71%		

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Charges against Net Revenue.

	1903-04.		1904-05.
Interest on [illegible]	$ 75,[illegible].00		$ 75,[illegible].00
Interest on first mortgage bonds	6,000.00		6,000.00
Interest on general mortgage bonds	232,424.38		236,700.00
Interest on income mortgage bonds	67,500.00		67,5[illegible].00
Interest on current accounts	Dr. 11,461.08	Cr.	15,702.36
Totals	$373,663.30		$373,097.64
Net Revenue	627,472.68		628,450.02
Surplus	$253,809.38		$254,752.38

A dividend of 3 per cent on the registered [illegible] stock was paid November 2nd, 1903, from the net earnings of 1902-03.

There is an increase in gross earnings of $121,571.14 or 8.77 per cent, an increase in operating expenses and taxes of $38,917.50, or 7.8 per cent, and an increase in net earnings of 577.74.

For [illegible] see the [illegible] Report of the Income Statement Table of [illegible], [illegible] 2, 3, 4, 5, 6, 7, 8, 9 and 10, [illegible].

INCOME ACCOUNT.

GROSS EARNINGS.

	1903-04	1904-05	INCREASE Amount	INCREASE Per Cent.
Passenger	$488,578 04	$517,974 86	$29,396 82	6.02
Freight	1,760,553 20	1,810,039 58	49,486 38	2.81
Mail service	29,873 49	32,819 80	2,946 31	9.86
Express service	70,001 27	66,708 98	Dec. 3,292 29	4.70
Miscellaneous	67,961 53	136,232 98	68,271 45	100.46
Totals	$2,416,967 53	$2,563,776 20	$146,808 67	6.07
Per mile of road	$12,337 76	$13,087 17	$749 41	

OPERATING EXPENSES AND TAXES.

	1903-04	1904-05	INCREASE Amount	INCREASE Per Cent.
Maintenance of way	$442,837 44	$463,422 58	$20,585 14	4.65
Maintenance of equip't	403,824 16	425,014 70	21,190 54	5.25
Conducting transport'n	802,746 14	868,691 00	65,944 86	8.21
General expenses	83,909 77	88,093 62	4,183 85	4.99
	$1,733,317 51	$1,845,221 90	$111,904 39	6.46
Taxes	55,200 00	61,500 00	6,300 00	11.41
Totals	$1,788,517 51	$1,906,721 90	$118,204 39	6.61
Per mile of road	$9,129 75	$9,733 14	$603 39	.....
Net earnings	$628,450 02	$657,054 30	$28,604 28	.....
" per mile of road	$3,208 01	$3,354 03	$146 02	.....
Expenses, including taxes, to earnings	74.09%	74.37%	.....	.....
Expenses, excluding taxes, to earnings	71.71%	71.97%	.....	.....

Charges against Net Revenue.

	1903-04.	1904-05.
Interest on prior lien bonds	$ 79,200.00	$ 79,200.00
Interest on first mortgage bonds	6,000.00	6,000.00
Interest on general mortgage bonds	236,700.00	238,995.00
Interest on income mortgage bonds	67,500.00	67,500.00
Interest on current accounts Cr.	15,702.36 Cr.	14,064.23
Purchase of land	--------	15,300.00
Totals	$373,697.64	$392,930.77
Net Revenue	628,450.02	657,054.30
Surplus	$254,752.38	$264,123.53

A dividend of 3 per cent on the registered common stock was paid

December 1st 1904 from the net earnings of 1903-04

Passenger	$488,578 04	$517,974 86	$29,396 82	6.02
Freight	1,760,553 20	1,810,039 58	49,486 38	2.81
Mail service	29,873 49	32,819 80	2,946 31	9.86
Express service	70,001 27	66,708 98	Dec. 3,292 29	4.70
Miscellaneous	67,961 53	136,232 98	68,271 45	100.46
Totals	$2,416,967 53	$2,563,776 20	$146,808 67	6.07
Per mile of road	$12,337 76	$13,087 17	$749 41	

OPERATING EXPENSES AND TAXES.

	1903-04	1904-05	INCREASE	
			Amount	Per Cent.
Maintenance of way	$442,837 44	$463,422 58	$20,585 14	4.65
Maintenance of equip't	403,824 16	425,014 70	21,190 54	5.25
Conducting transport'n	802,746 14	868,691 00	65,944 86	8.21
General expenses	83,909 77	88,093 62	4,183 85	4.99
	$1,733,317 51	$1,845,221 90	$111,904 39	6.46
Taxes	55,200 00	61,500 00	6,300 00	11.41
Totals	$1,788,517 51	$1,906,721 90	$118,204 39	6.61
Per mile of road	$9,129 75	$9,733 14	$603 39	.....
Net earnings	$628,450 02	$657,054 30	$28,604 28	.....
" per mile of road	$3,208 01	$3,354 03	$146 02	.....
Expenses, including taxes, to earnings	74.00%	74.37%	.....	.....
Expenses, excluding taxes, to earnings	71.71%	71.97%	.....	.....

Charges against Net Revenue.

	1903-04.	1904-05.
Interest on prior lien bonds	$ 79,200.00	$ 79,200.00
Interest on first mortgage bonds	6,000.00	6,000.00
Interest on general mortgage bonds	236,700.00	238,995.00
Interest on income mortgage bonds	67,500.00	67,500.00
Interest on current accounts	Cr. 15,702.36	Cr. 14,064.23
Purchase of land	----------	15,300.00
Totals	$373,697.64	$392,930.77
Net Revenue	628,450.02	657,054.30
Surplus	$254,752.38	$264,123.53

A dividend of 3 per cent on the registered common stock was paid December 1st, 1904, from the net earnings of 1903-04.

There is an increase in gross earnings of $146,808.67, or 6.07 per cent., an increase in operating expenses and taxes of $118,204.39, or 6.61 per cent., and an increase in net earnings of $28,604.28.

1521 XLV.

The following is contained on pages 11 and 12 of the Annual Report of the New Orleans & Northeastern Railroad Company for the year ended June 30, 1904, viz:

"Expenses."

"The operating expenses include a liberal expenditure towards improving the physical condition and equipment of the property.

"The work of replacing light iron bridges with heavy steel structures and timber foundations with permanent piers was continued, and five new bridges were completed. 5.71 miles of additional side-tracks were constructed. 3,159 lineal feet of round pile revetment were driven at Lake Pontchartrain to protect the track against storms. Two 50,000 gallon steel water tanks were erected in replacement of old wooden tanks. A two-story frame hotel was constructed at the new freight terminal, Picayune, to accommodate train crews; one set of section houses, consisting of foreman's house and two laborers' houses was also built there. An additional cotton platform 166 feet by 320 feet was constructed in New Orleans. 42,671 cubic yards of material were used in widening embankments and raising grade; 55,640 cubic yards of gravel were used in repairing and strengthening ballasted track. A steel viaduct was constructed over the yard tracks at Meridian. An additional steam hammer and sundry new tools were supplied to Meridian shops.

"Maintenance of Way expenses include $70,273 for new steel bridges, $39,588 for additional sidings, $20,187 for Lake Pontchartrain revetment, $6,096 for additional buildings at Picayune, $3,030 for additional cotton platform at New Orleans, $7,569 for viaduct at Meridian.

"The principal additions to side-tracks were:

"Meridian Yard, 11,634 feet; Heidelberg, 846 feet; Lansing, 826 feet; Laurel, 1,412 feet; Yarborough, 753 feet; Hattiesburg, 5,825 feet; Hattiesburg Gravel Pit, 819 feet; Lumberton, 4,829 feet; Hillsdale 845 feet; Glade, 722 feet; Carriere, 1,282 feet; Richardson, 1,344 feet; Rosa, 600 feet; Picayune, 1,511 feet.

"Maintenance of Equipment includes $26,500 for renewal of engines, $18,810 for 20 new Rodger ballast cars, $2,935 for an
1522 additional express car, $38,775 part cost of 200 box cars purchased in 1902 under car trust plan, $2,559 for additional tools in Meridian shops and $5,000 towards new passenger cars ordered but not yet delivered. The expenses also include the cost of 34 box, 51 coal, 15 flat and 2 baggage cars, credited to replacement fund to take the place of a like number of cars broken up or disposed of.

"The cost of Conducting Transportation increased by 14.11 per cent., compared with an increase in train mileage of 5.94 per cent. This is partly owing to an increase of thirty per cent. in southbound empty car mileage consequent upon a considerable decrease in southbound shipments and an increase in northbound shipments. The

wages paid to employees were also on a higher scale than in the previous year."

The following is contained on pages 11 and 12 of the Annual Report of the New Orleans & Northeastern Railroad, for the year ending June 30, 1905, viz:

"Expenses."

"The operating expenses include a liberal expenditure towards improving the physical condition and equipment of the property.

"The work of replacing light iron bridges with heavy steel structures, and timber foundations with permanent piers was continued and 5 new bridges were erected during the year. There remain 1,295 feet of the original iron spans to be replaced, contracts for which have been let. 4.35 miles of additional side-tracks were constructed. 8,320 lineal feet of round pile revetment were driven at Lake Pontchartrain to protect the track against storms. Additional track scales were put in at Slidell and Meridian. One 30-foot bed planer and a drill press were supplied to Meridian shops.

"Maintenance of Way expenses include $131,166 for new steel bridges; $36,928 for additional sidings and $25,908 for Lake Pontchartrain revetment.

"The principal additions to side-tracks were:

"Meridian Yard, 7,144 feet; Arundel, 2,703 feet; Hawkes, 2,492 feet; Hattiesburg Gravel Pit, 862 feet; Okahola, 1,183 feet; Purvis, 1,004 feet; Enlo, 1,510 feet; Lumberton, 1,004 feet; Carriere, 1,702 feet; Picayune, 2,222 feet; Pearl River, 2,246 feet.

1523 "Maintenance of Equipment includes $30,000 for renewal of engines, $6,462 part cost (balance) of 200 box cars purchased in 1902 under car trust plan. $40,000 for new passenger cars and $4,600 for additional shop tools. The expenses also include the cost of 55 coal, 43 box, 31 flat and 3 caboose cars credited to replacement fund to take the place of a like number of cars broken up or disposed of.

"The cost of Conducting Transportation increased by 8.21 per cent., compared with an increase in train and switching mileage of 5.38 per cent. This is more than accounted for, however, by an increase in rents for additional terminal facilities in New Orleans. There is an increase in passenger train miles of 46,431, or 9.66 per cent.; an additional train was put on February 5th, 1905, between New Orleans and Meridian to improve the local service, to develop the vegetable and fruit express traffic and to relieve the through fast train of stops at small stations. There is an increase of 11.21 per cent. in the number of tons hauled one mile, whereas the increase in freight train mileage is only 4.24 per cent., the average weight hauled per mile being increased by 6.69 per cent.

"Effective January 1st, 1905, your company acquired the right to use jointly the property of the New Orleans Terminal Company, thus obtaining the use of export terminals at Chalmette and of convenient city freight terminals in New Orleans; a commodious union passenger station will be constructed fronting on Canal Street in the near

future. It is anticipated that through traffic over your road will be largely increased by means of these additional terminal facilities.

"On January 1st, 1905, the Saint Louis & San Francisco Railroad under a trackage contract with your company commenced the use of your tracks between Meridian and New Orleans for through traffic."

XLVI.

The following table is taken from Annual Report of the Alabama & Vicksburg Railway Company for the year ended June 30, 1904, pages 8 and 9, viz:

1524 *Income Account.*

Gross Earnings.

	1902–03.	1903–04.	Increase.	
			Amount.	Per cent.
Passenger	$313,958 14	$350,755 16	$36,797 02	11.72
Freight	720,795 09	814,443 67	93,648 58	12.99
Mail service	25,242 56	25,477 02	234 46	0.93
Express service	25,157 69	33,356 46	8,198 77	32.59
Miscellaneous	65,393 27	63,060 24	Dec. *2,333 03*	3.57
Totals	$1,150,546 75	$1,287,092 55	$136,545 80	11.87
Per mile of road	$8,045 78	$9,000 65	$954 87	.....

Operating Expenses and Taxes.

	1902–03.	1903–04.	Increase.	
			Amount.	Per cent.
Maintenance of way	$243,601 45	$258,912 84	$15,311 39	6.29
Maintenance of equip't	204,632 46	200,925 58	Dec. *3,706 88*	1.81
Conducting transport'n	336,241 08	464,209 70	127,968 62	38.06
General expenses	35,998 34	40,252 83	4,254 49	11.82
	$820,473 33	$964,300 95	$143,827 62	17.53
Taxes	28,500 00	30,113 94	1,613 94	5.66
Totals	$848,973 33	$994,414 89	$145,441 56	17.13
Per mile of road	$5,936 87	$6,953 95	$1,017 08	.....
Net revenue	$301,573 42	$292,677 66	Dec. *$8,895 76*	.....
Net revenue per mile	$2,108 91	$2,046 70	Dec. *$62 21*	.....
Expenses, including taxes, to earnings	73.79%	77.26%	.....	.....
Expenses, excluding taxes, to earnings	71.31%	74.92%	.....	.....

Charges against Net Revenue.

	1902–03.	1903–04.
Interest on V. & M. first mortgage bonds	$60,000 00	$60,000 00
Interest on consolidated first mortgage bonds	29,440 00	29,440 00
Interest on second mortgage bonds	29,975 00	29,975 00
Interest received	Cr. *20,564 18*	Cr. *21,056 41*
Lands purchased	41,409 27	10,939 10
Outlying lands settlement		8,379 60
	$140,260 09	$117,677 29
150 new freight cars		97,850 69
	$140,260 09	$215,527 98
Net revenue	$301,573 42	$292,677 66
Surplus	$161,313 33	$77,149 68

There is an increase in gross earnings of $136,545.80, or 11.87 per cent; an increase in operating expenses and taxes of $145,441.56, or 17.13 per cent, and a decrease in net earnings of $8,895.76, or 2.95 per cent.

1525 The following table is taken from Annual Report of the Alabama & Vicksburg Railway Company for the year ended June 30, 1905, pages 8 and 9, viz:

Income Account.

Gross Earnings.

	1903–04.	1904–05.	Increase.	
			Amount.	Per cent.
Passenger	$350,755 16	$394,536 68	$43,781 52	12.48
Freight	814,443 67	836,777 18	22,333 51	2.74
Mail service	25,477 02	30,233 23	4,756 21	18.67
Express service	33,356 46	36,040 38	2,683 92	8.05
Miscellaneous	63,060 24	60,455 22	Dec. *2,605 02*	4.13
Totals	$1,287,092 55	$1,358,042 69	$70,950 14	5.51
Per mile of road	$9,000 65	$9,496 80	$496 15	.....

Operating Expenses and Taxes.

	1903–04.	1904–5.	Increase.	
			Amount.	Per cent.
Maintenance of way	$258,912 84	$356,529 21	$97,616 37	37.70
Maintenance of equip't	200,925 58	188,174 99	Dec. *12,750 59*	6.35
Conducting transport'n	464,209 70	451,904 61	Dec. *12,305 09*	2.65
General expenses	40,252 83	44,643 00	4,390 17	10.81
	$964,300 95	$1,041,251 81	$76,950 86	7.98
Taxes	30,113 94	30,000 00	Dec. *113 94*	0.38
Totals	$994,414 89	$1,071,251 81	$76,836 92	7.73
Per mile of road	$6,953 95	$7,491 27	$537 32	.....
Net revenue	$292,677 66	$286,790 88	Dec. *$5,886 78*	.....
Net revenue per mile	$2,046 70	$2,005 53	Dec. *$41 17*	.....
Expenses, including taxes, to earnings	77.26%	78.88%	.....	.....
Expenses, excluding taxes, to earnings	74.92%	76.67%	.....	.....

Charges Against Net Revenue.

	1903–04.	1904–05.
Interest on V. & M. first mortgage bonds	$60,000 00	$60,000 00
Interest on consolidated first mortgage bonds	29,440 00	29,440 00
Interest on second mortgage bonds	29,975 00	29,975 00
Interest received	Cr. *21,056 41*	Cr. *22,661 04*
Lands purchased	10,939 10	6,244 30
Outlying lands settlement	8,379 60	.....
New freight cars	$117,677 29	$102,998 26
	97,850 69	59,962 60
	$215,527 98	$162,960 86
Net revenue	$292,677 66	$286,790 88
Surplus	$77,149 68	$123,830 02

There is an increase in gross earnings of $70,950.14, or 5.51 per cent.; an increase in operating expenses and taxes of $76,836.92, or 7.73 per cent., and a decrease in net earnings of $5,886.78, or 2.01 per cent.

1526

XLVII.

The reports of the Illinois Central Railroad Company south of the Ohio River made to and filed with the Interstate Commerce Commission show the net income of these lines since the year ended June 30, 1891, to the year ended June 30, 1901, to be as follows:

Year ended June 30th—	Road mileage.	Net income or deficit.	
1891	894.41	Deficit	$45,838.36
1892	894.41	"	480,945.46
1893	894.41	"	676,385.25
1894	894.41	"	155,229.71
1895	894.41	Net Income	299,967.64
1896	894.41	" "	119,656.51
1897	894.41	" "	240,502.60
1898	1,489.31	" "	764,556.09
1899	1,356.31	" "	106,434.09
1900	1,356.31	" "	892,903.27
1901	1,356.31	" "	1,482,891.28
Total net income for said 11 years			$2,548.512.70

These figures, however, embrace the Canton, Aberdeen & Nashville Railroad, 87.89 miles, and the Canton, Aberdeen & Nashville Railroad in Alabama, 7.84 miles, total 95.73 miles, which are not owned by the Chicago, St. Louis & New Orleans R. R. Company. On said roads for the said 11 years, there was a deficit of $298,381.42.

This sum having been deducted from the total net earnings of the roads south of the Ohio River in the above report, it is necessary, in order to arrive at the total earnings made by the Chicago, St. Louis & New Orleans Railroad Company, that said deficit be added to the foregoing sum of $2,548,512.70, which makes the total net earnings of the Chicago, St. Louis & New Orleans R. R. Co. for said period, viz., 11 years, $2,846,894.12.

The system of railroads owned and operated by the Central Company on June 30, 1905, was 4,374.04 miles.

1527

XLVIII.

The Capital Stock of the Southern Railway Company for fiscal years ended June 30th, has been as follows:

	Common.	Preferred.
1895	$120,000,000	$50,000,000
1896	120,000,000	54,300,000
1897	120,000,000	54,300,000
1898	120,000,000	57,290,400
1899	120,000,000	60,000,000
1900	120,000,000	60,000,000
1901	120,000,000	60,000,000
1902	120,000,000	60,000,000
1903	120,000,000	60,000,000
1904	120,000,000	60,000,000
1905	120,000,000	60,000,000

XLIX.

The following table taken from the Annual Reports of the Mobile & Ohio Railroad Company for the fiscal years ended June 30, 1902, 1903, 1904 and 1905, correctly sets forth the amounts deducted from income for improvements and betterments for years ending June 30th, viz:

Auditor's Office.

Statement of Amoun's Deducted from Income for Improvements and Betterments for Years Ending June 30th as Follows:

Items.	1902.	1903.	1904.	1905.
New Equipment	$289,038.77	$305,678.97	$397,428.30	$275,867.08
Ballasting	106,689.98	11,722.10	28,000.00	4,259.70
Raising and double-tracking	1.061.90			6.612.37
New side tracks	20,719.60	13,750.11	10,519.71	82,332.57
Paving		342.35	18.27	13,935.22
Engineering		3,156.61	2,031.26	
Change of Line			13,801.98	18,746.93
Water Station				1,363.34
Coaling Station				12,759.01
Repairing Belt Line				7,536.64
Reserves Bridge Renewal				50,000.00
" Reducing Grades				100,000.00
Real Estate				7,820.00
	417,510.25	334,650.14	451,799.52	581,232.86

1529

L.

The Annual Report of the Gulf & Ship Island Railroad Co., for the fiscal year ending June 30, 1904, states, pp. 5 and 6:

"The cotton crop promises to be as good as last year or better; and, by reasoning of the opening of our Silver Creek branch, we should handle fully 25 per cent. more cotton in the coming year than in the past, as that branch traverses the richest cotton section in the State with the exception of the Delta. Furthermore, cotton compresses have been esablished and put in operation at Columbia and will be started at Mount Olive.

"We have been steadily at work encouraging the truck farmers along our line to plant early vegetables, and especially peach trees. We hope to handle next spring from 300 to 400 cars of early vegetables, and anticipate a steady growth thereafter.

"Our passenger business is being given attention. Not only is our section increasing in population, but the Great Southern Hotel and the business of this port have advertised not only Gulfport, but the whole Gulf coast country, and there is a large immigration from the northern part of the State to this Coast, nearly all of which is handled by our road. Travel has greatly increased and our people are using the Pullman and parlor car facilities quite liberally."

LI.

The Annual Report of the Gulf & Ship Island Railroad Company, for the fiscal year ending June 30, 1905, p. 6, states:

"During the past year exports of naval stores have reached large proportions. Shipments were made to New York and to various European and South American cities, and the forwardings, all told, amounted to 130,000 barrels of rosin and 464,000 gallons of turpentine. The business affords every promise of continued and gratifying increases. The imports of the year included 13,000 tons of iron pyrites and other materials for fertilizer factories at Gulfport and in the interior."

(Signed) L. A. SHAVER &
T. M. MILLER,
Sp'l Ass't U. S. Dis't Att'y.
GREEN & GREEN,
Solicitors for the Int. State Com. Commission.
ED. BAXTER AND
S. F. ANDREWS,
For Def'ts,
By O. P. ANDERSON.

1530 *Depositions of J. T. Jones and Elisha Gee.*

No. —.

In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

It is agreed, by and between the undersigned Solicitors for Complainant and for the Gulf & Ship Island Railroad Company, one of the defendants in the above entitled cause, that the answers of J. T. Jones, Elisha Gee and S. S. Bullis, to the interrogatories and cross-interrogatories hereto annexed, when made under oath before any Notary Public, or other person authorized by the laws of the State of Mississippi to administer oaths, may be read in evidence upon the hearing of said cause,—affidavit, commission and all mere matters of form for the taking of said depositions being hereby waived.

(Signed) T. M. MILLER,
Att'y for Complainant.

1531 Fisk & Robinson, New York and Boston.

Monthly Bulletin of Investments Referred to in Depositions of J. T. Jones & Elisha Gee, March, 1906.

Railroad Bonds.

The volume of transactions in Railroad Bonds during February was somewhat curtailed, although prices held firm or recorded only nominal recessions. The unprecedented use of funds for manufacturing purposes and for the handling of agricultural products is the only deterrent to a broad demand for investment issues.

That a portion of the funds so actively employed in business will return to the investment market with an increment of interest or earnings is apparent. Meanwhile, as a result of sound business conditions the intrinsic value of well secured railroad bonds will steadily increase.

Call money as we go to press is quoted at from four to four and a half per cent. Time money is quoted at from five to five and a half per cent. for all periods.

Government Bonds.

The steady demand for 2's which was noted in our last Bulletin continued throughout February, and resulted in an advance of about ¼ of 1 per cent. to 103⅝. On and after March 1st, when the 2

per cent. bonds will be quoted ex ½ per cent. interest, payable April 1st, the price will doubtless look cheap to some prospective buyers. This will probably result in further buying on the part of banks, and with buying of any consequence the market should advance further.

There was considerable demand for 4's of 1907, to be substituted in Washington for 2's held to secure circulation and public deposits. This caused the price of that issue to advance sharply, and bonds at the close of the month were 103⅝ bid, compared with 103⅛ bid on February 1st. The supply of 3's of 1898 was quite limited, and there were in consequence few exchanges of that issue for 2's.

At the present writing $1,400,000 bonds have been withdrawn from the Treasury Department during the month, and that amount of circulation retired. The net increase in circulation for the month amounted to about $5,000,000, making the total now outstanding $548,000,000. Receipts of the Treasury Department continue to exceed the disbursements, and the surplus for the month, up to and including February 26th, was $2,700,000. The total receipts for the fiscal year to date have been about $30,000,000 greater than for the corresponding period in 1905. The net increase, owing to larger disbursements, is about $25,000,000.

Louisiana & Arkansas Railway.

The January tonnage and earnings of this Company were the largest in its history, and the development of new enterprises promises well for the future. Interests affiliated with the road have recently increased their timber holdings, thus insuring additional tonnage. A new mill will be operated south of Packton and a second mill at Jena is under consideration. One of the most experienced railroad men in the country recently stated that, in his opinion, the Louisiana & Arkansas Railway was the most carefully operated road in the Southwest.

Kansas City Viaduct & Terminal Railway.

All the concrete construction is completed, including the piers for the Kaw River bridge. Large accumulations of bridge material are available for immediate use and the erection of the steel superstructure is being vigorously prosecuted. The engineers expect that it will be possible to have the main viaduct open by October.

1532 ### The Kansas City-Western Railway.

In pursuance of its policy of substantially improving the property the company has approved plans for relocating its lines at three points, aggregating 4.64 miles, eliminating sharp curves, heavy grades and dangerous crossings. In addition a second track will be laid south of Popes, Kansas, and important improvements made both in Kansas City, Kansas, and in Leavenworth. The rolling stock of the Company is being put in first-class condition and new subur-

ban cars have been ordered in anticipation of a large increase in business during the coming summer.

New Orleans Great Northern Railroad.

In spite of the unprecedented rain fall good progress has been made in the construction of the New Orleans Great Northern Railroad northward from Slidell. Of the 73 miles of right of way already secured 63.9 miles have been cleared. Twenty-five miles of grading and track laying have been completed northward, and bridge construction is under way for practically 40 miles beyond.

While only that portion of the road formerly known as the East Louisiana Railroad, 49.51 miles long, is under operation, it is interesting to note that for four months ended October 31st, the gross earnings were $53,381; net earnings, $16,605, and surplus over interest on bonds issued to acquire that property, $9,855.

Gulf & Ship Island Railroad.

The Gulf & Ship Island Railroad, by reason of its favorable location, is getting a substantial share of the benefits of the great developments now going on in the south. One of the large timber properties located on the road has been purchased by interests that will increase the output from about 50,000 feet to 150,000 or 200,000 feet per day. A number of new sawmills are opening up along the railroad. The exports of lumber during January were the largest in the history of the road, amounting to over 27,000,000 feet. The dock facilities at Gulfport are taxed to their utmost to meet the demands of ships awaiting cargoes. The earnings continue to show large increases over corresponding periods of last year. Gross earnings for the first half of February were at the rate of nearly $200,000 for the month, against $128,000 last year.

1533 We make the following offerings subject to previous sale and adjustment to the market.

City of New York Registered Tax Exempt Fifty-Year Gold 4's.

Interest May and November. Due November, 1955.

Issuable in denominations of $10 or any multiple thereof.

Executors, administrators, guardians and others holding trust funds are authorized by law to invest in this issue.

A legal investment for savings banks in the states of New York, New Jersey and Pennsylvania.

Price upon application.

City of New York Tax Exempt Fifty Year Gold 3½'s.

Interest May and November. Due November, 1954.

Issuable in denominations of $1,000; coupon or registered form optional, interchangeable at will after purchase.

Executors, administrators, guardians and others holding trust funds are authorized by law to invest in this issue.

A legal investment for savings banks in the states of New York, New Jersey and Pennsylvania.

Price upon application.

City of New York Tax Exempt Gold 3's.

Various maturities. Prices on application.

Morris & Essex Railroad Company (Lackawanna System) First Consolidated Mortgage 7's.

Interest June and December. Due June, 1915.

This company owns the railroad from Phillipsburg to Hoboken, New Jersey, where it affords tide-water outlet and terminal facilities to the Delaware, Lackawanna & Western to which it is leased in perpetuity in consideration of the lessee company's guaranty of principal and interest on bonds and 7 per cent. on the capital stock.

The consolidated 7's are secured on the entire line, subject to first mortgage 7's due 1914, to retire which a sufficient amount of this issue is reserved. Authorized, $25,000,000; outstanding $11,677,000. Listed on the New York Stock Exchange.

A legal investment for savings banks in the states of New York, New Jersey, Connecticut and New Hampshire.

Price 127½ and interest yielding about 3.50 per cent.

Chicago & Erie Railroad Company (Erie System) First Mortgage Gold 5's.

Interest May and November. Due May, 1982.

This is the Erie Railroad Company's line into Chicago. The bonds have first lien on 250 miles of road from Marion, Ohio, to the Illinois state boundary near Hammond, Ind., including equipment and freight yards, and are also secured by pledge of a one-fifth stock interest in the Chicago & Western Indiana and Belt Railway terminal properties in Chicago. Erie general lien 4's are reserved to retire these bonds at maturity. Authorized and issued, $12,000,000. Listed on the New York Stock Exchange.

In the fiscal year 1905 the Erie system reported total revenue applicable to fixed charges amounting to $13,631,219, as against an annual average of $14,791,580 for the three years 1903-1905.

Fixed charges of 1905 absorbed $9,224,623, leaving $4,406,596 of net divisible income. Dividends at the rate of 4 per cent. per annum are now paid on first and second preferred shares.

A legal investment for savings banks in the state of Maine.

Price 121½ and Interest, yielding about 4.08 per cent.

Buffalo & Susquehanna Iron Company Twenty-Year Five Per Cent. Gold Debentures (with Mortgage Provision).

Interest March and September. Due January, 1926.

This issue is to provide for purchase of additional ore properties and additional working capital. It participates in the security of any subsequent mortgage equally with bonds issued thereunder. Authorized, $1,500,000; issued, $1,000,000. Entire issue subject to call at 105 and interest after September 1, 1910. The company has outstanding $3,000,000 first mortgage five per cent. gold bonds due June 1, 1932, which will be retired $100,000 each year, beginning June 1, 1907.

The plant is situated on the lake front at Buffalo, New York, and has connections with all lines centering at that point. The company owns a leasehold in iron mines in the Mesabi range near Hibbing, Minnesota, and at Iron Mountain, Michigan, with an estimate total tonnage of 30,000,000, and operates under lease coking coal properties in Pennsylvania at Tyler and Sykeville.

One furnace has been in operation since September, 1904, and the second since July, 1905.

The net earnings from operation are at the rate of $500,000 per annum, based on an average daily output of about 700 tons of pig iron. Fixed charges including interest on the Debenture bonds amount to $225,000 yearly.

Price 98 and Interest, yielding about 5.16 per cent.

Keystone Telephone Company of Philadelphia First Mortgage Gold 5's.

Interest January and July. Due July, 1935.

The company holds a charter from the commonwealth of Pennsylvania granting perpetual rights of operation throughout the Union, together with a franchise—also perpetual—from the city of Philadelphia. It controls, through ownership of the Keystone State Telephone & Telegraph Company, about 40 municipal and township franchises. Through latter company has connections with long distance lines commanding points in central and eastern Pennsylvania, central New Jersey, Maryland, Delaware and West Virginia.

The first mortgage fives have direct lien on all franchises, plant and other property of the company, including the Keystone State Telephone & Telegraph Company's entire share capital.

From July 1, 1908, issue is subject to call as an entirety only,

at 108 and interest. Authorized, $10,000,000; issued, $4,000,000; the balance being reserved under restrictions for the acquisition of telephone property and for future developments. Listed on the New York and Philadelphia Stock Exchanges.

Gross receipts calendar year 1905, $790,222; 1904, $686,043. Amount available for interest charges in 1905 after all deductions, including renewal reserve fund, $306,143; in 1904, $259,005. Interest charges on the $4,000,000 bonds outstanding amount to $200,000 per annum.

Price 100 and Interest, yielding 5.00 per cent.

1534 Central of Georgia Railway Company Consolidated Mortgage Gold 5's.

Interest May and November. Due November, 1945.

The consolidated fives are the first obligation on 584 miles of road, including the Montgomery and Birmingham divisions, besides the leases of the Augusta & Savannah and Southwestern railroads, an additional 386 miles, and upon the stock of the New England & Savannah Steamship Company and other valuable securities. They have a second lien on 699 miles, comprising the main line from Savannah to Atlanta, the Mobile and Macon & Northern divisions and other extensions to the system; and are further secured, following prior liens, by stocks and bonds in excess of $4,000,000 par value, representing controlling interests in affiliated companies. The consolidated mortgage is to cover all railway lines and property subsequently acquired. Outstanding, $16,700,000. Total amount authorized, $18,500,000, the unissued bonds being reserved for betterments and equipment for the property covered by the mortgage, not more than $500,000 thereof to be issued in any fiscal year. Listed on the New York Stock Exchange.

Revenue available for interest, fiscal year 1905, $2,965,453; average 1903-1905, $2,553,331. Interest on funded debt calls for $1,672,044. Five per cent. was declared on $15,000,000 first, second and third preference income bonds in August of the current year.

Price 114 and Interest, yielding about 4.26 per cent.

Louisiana & Arkansas Railway Company First Mortgage Gold 5's.

Interest March and September. Due September, 1927.

Secured by first lien on 187 miles of line running from Hope, Ark., to Jena, La., with all equipment and other property. Issued $3,000,000. A sinking fund of $55,000 per annum will accrue from September 1, 1907, from which date the whole issue may be redeemed in entirety at 110 and interest. Listed on the New York Stock Exchange.

Revenue applicable to interest, from an average of 167 miles operated, year ended June 30, 1905, $337,722. Interest on funded debt as now constituted calls for $150,000 per annum. Surplus fiscal year 1905, $201,522.

Special circulation upon application.

Price 104½ and interest, yielding about 4.67 per cent.

St. Louis, Iron Mountain & Southern Railway Company (Missouri Pacific System) Unifying and Refunding Mortgage Gold 4's.

Interest January and July. Due July, 1929.

Secured on 1429 miles of road, with equipment, terminals and other property—following the general consols of 1931—also upon 500 miles of controlled lines, subject to four millions of underlying bonds, practically all of which, together with the stock issues of the controlled companies, are held by the trustee under this mortgage; additionally secured by pledge of other bonds, aggregating $29,000,000 par value, in which are included $23,668,000 Texas & Pacific income 5's, the second lien on that company's mileage between New Orleans and Sierra Blanca, Texas. Outstanding, $30,392,000. Listed on the New York Stock Exchange.

Net income applicable to interest, St. Louis, Iron Mountain & Southern proper, fiscal and calendar year 1904, $8,052,497; 1903, $7,809,200; average, 1902-1904, $7,812,685. Total present interest charges, $3,963,688. Dividends have ranged from 6 per cent. per annum in 1900 to 10 per cent., the yearly rate since 1902.

Price 93¼ and Interest, yielding about 4.47 per cent.

Gulf & Ship Island Railroad Company First Mortgage Refunding and Terminal Gold 5's.

Interest January and July. Due February, 1952.

This company operates 280 miles of standard gauge railway in southern Mississippi, connecting Jackson, the capital, with Gulfport, the state's only deep water seaport. In addition to its line of railroad, the company owns extensive terminals at Gulfport, which have cost over $2,000,000. The bonds are secured by a first mortgage on the entire property, including the terminals and all equipment. Authorized, $5,000,000; issued, $4,984,000. A sinking fund equivalent to 1 per cent. of the par value of the amount outstanding became operative January 2, 1905, to purchase bonds at 110 or less; bonds so purchased to be kept alive in the sinking fund as an investment. Bonds cannot be drawn. Listed on the New York Stock Exchange.

Gross receipts for the year ended June 30, 1905, $1,883,618; average, 1901-1905, $1,567,906 annually. Net income, 1905, $486,376; interest charges, $246,881. Dividends at the rate of 4 per cent. per annum are paid on $6,000,000 capital stock. A legal investment for savings banks in the state of New Hampshire. Special circular upon application.

Price 104 and Interest, yielding about 4.78 per cent.

Wabash Railroad Company First Mortgage Gold 5's.

Interest May and November. Due May, 1939.

Secured on the lines extending from Toledo, Detroit and Chicago to East St. Louis, Hannibal, Quincy and Keokuk, and from Moberly

to Ottumwa in Iowa, about three-fifths of the total mileage, covering all terminals, property and rolling stock; subject only to $1,089,000 prior divisional mortgages on 500 miles west of the Missouri river, to meet which at maturity, or whenever exchange can be made, a corresponding amount of the issue is reserved. Outstanding, $33,011,000. Listed on the New York Stock Exchange.

Total net income year ended June 30, 1905, $4,104,872, as against an annual average of $4,737,349 in the five years 1901-1905. Bond interest in 1905 absorbed $3,468,572.

Price 115½ and Interest, yielding about 4.14 per cent.

United States bonds and other investment securities bought and sold at net prices.

Commission orders on the New York Stock Exchange executed for cash. Telegrams covering actual orders for purchase or sale may be sent at our expense.

Deposit accounts from Corporations, Firms and Individuals received subject to sight draft. Interest allowed on daily balances and on money deposited pending investment.

FISK & ROBINSON,
Bankers and Dealers in Investment Securities.

35 Cedar Street, New York.
28 State Street, Boston.

1535 In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

No. —.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Interrogatories to J. T. Jones and Answers.

Int. I.

State whether or not you are the President or Auditor of the Gulf & Ship Island Railroad Company. If yes, how long have you been such President or Auditor?

Answer to Interrogatory I.

I am, and have been President of the Gulf & Ship Island Railroad Co. for about eleven years.

Int. II.

Were you not connected with or interested in the Bradford Construction Company? If yes, in what way?

Answer to Interrogatory II.

I am President of the Bradford Construction Company.

Int. III.

Do you know who did the work of building the Gulf & Ship Island Railroad Company's railroad from Gulfport to Hattiesburg? If yes, who did so and under what contract?

Answer to Interrogatory III.

About twenty miles of Gulf & Ship Island Railroad had been completed and was under operation by Receiver Jones P. Stewart when I became interested in the development of southern Mississippi, and my recollection is that the Gulf & Ship Island Railroad Company contracted with the Bradford Construction Company to
1536 complete and extend the line to Hattiesburg, Miss. This was in 1897, I believe.

Int. IV.

If you shall say that the Bradford Construction Company built or had a contract for the building of the said railroad from Gulfport to Hattiesburg or for any part of the way, please attach the contract or a copy of same to your answer hereto.

Answer to Interrogatory IV.

The Gulf & Ship Island Railroad Co. had a contract with the Bradford Construction Co. covering the completion of the line between Gulfport and Hattiesburg, but it has become misplaced and I am unable to attach the same, or a copy, to my answer.

Int. V.

Did or not the Gulf & Ship Island Railroad Company have a contract or contracts with the Bradford Construction Company for the construction of any part of the lines of railway now owned by the Gulf & Ship Island Railroad Company? If yes, please attach the said contract or contracts, or copies thereof, to your answer to this Interrogatory.

Answer to Interrogatory V.

The Gulf & Ship Island Railroad had contracts with the Bradford Construction Co. covering the completion and construction of all its lines. The construction under the older contracts was completed some years ago, and the contracts have become misplaced. My recollection, however, is that they were in substance similar to the one we now have with them covering the construction of the line from Mendenhall to Columbia, a copy of which has been filed with you by Mr. Gee.

Int. VI.

If the Gulf & Ship Island Railroad Company had any contracts with others than the Bradford Construction Company for the Construction of all or any part of its present railroad, please attach such contracts to your answer to this Interrogatory. Or, if you
1537 have no such contracts in your possession or under your control, then please state the terms thereof as nearly as you can remember and the amount paid out to contractors for such construction.

Answer to Interrogatory VI.

The Gulf & Ship Island Railroad Co. did not have any contracts with others than the Bradford Construction Company for the construction of any of its lines.

Int. VII.

How much money was actually paid out by the Gulf & Ship Island Railroad Company for the construction of its railroads and bridges, including the cost of rails and other material?

Answer to Interrogatory VII.

I am unable to state the exact amo-nt of cash paid out for construction prior to November 1st. I do know that for quite a period the earnings of the road were not sufficient to pay its expenses and that the interests I was connected with were continually called upon for advances of moneys in various sums. Since November 1st, 1901, there has been $3,374,519.43 paid out.

Int. VIII.

How much money has come into the hands of the Gulf & Ship Island Railroad since the work of construction began, other than those from receipts of operation, that is to say, freight, passenger, mail and express transportation?

Answer to Interrogatory VIII.

Our Auditor, Mr. Gee, is more familiar with the details and will reply in full.

Int. IX.

Please attach to your answers to these interrogatories your existing lumber tariff.

Answer to Interrogatory IX.

I do not understand that we have any individual lumber tariff other than our local tariff on all commodities.

1538 Int. X.

Please examine the printed document hereto attached headed, "Monthly Bulletin of Investments," and the statement on the second page thereof purporting to show miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf & Ship Island Railroad Company for the month ended January 31, 1906, for the month ended January 31, 1905, for the 7 months ended January 31, 1906, and for the 7 months ended January 31, 1905, and state whether or not the same is true and correct, and if you shall say that the same is untrue or incorrect, then please state in what particulars the same is untrue or incorrect.

Answer to Interrogatory X.

Mr. Gee will reply to the correctness of the figures shown.

Int. XI.

The said Bulletin purports to have been issued by Fisk & Robinson, Bankers, etc., New York and Boston. Do you know from what source they obtained the information therein relating to the Gulf & Ship Island Railroad Company? If yes, what?

Answer to Interrogatory XI.

The information shown in the Bulletin was given Messrs. Fisk & Robinson by our Auditor, Mr. Gee.

Int. XII.

What is the length of the main line of the Gulf & Ship Island Railroad Company extending from Gulfport to Jackson, Mississippi, and what branch or other lines does it own or operate and what is the mileage of each?

Answer to Interrogatory XII.

The main line of the Gulf & Ship Island Railroad Company
1539 extending from Jackson, Miss., to Gulfport, Miss., is 160.50 miles. It owns and operates branch lines, Maxie, Miss., to Columbia, Miss., 48.75 miles; Saratoga, Miss., to Laurel Miss., 41.75 miles; Mendenhall, Miss., to Silver Creek, Miss., 28.77 miles.

Int. XIII.

Is there any difference between the main line and branches in respect to construction,—that is to say, as to weight and quality of rails, grades, curves, station houses, etc., etc., If yes, what is the difference?

Answer to Interrogatory XIII.

With the exception of rail on the main line, there is very little difference between its present condition and that of the branches. The main line is laid with 75 pound (120.14 miles) and 65 pound (40.36 miles) rail and is in good condition. The branches are laid with 56 and 60 pound rail, and are also in good condition. During the past two years, much work has been done in reducing grades, filling trestles, widening banks and fills, ballasting, and in fact we are doing all we can to complete the entire line to standard. We are building new depots, station houses, etc., and the branches are receiving their share of such improvements.

XIV.

If the Gulf & Ship Island owns a branch railroad from Laurel to Saratoga, please state what the same cost. Either for purchase money or construction, or both.

Answer to Interrogatory XIV.

I remember that the Gulf & Ship Island Railroad Company entered into a contract with the Bradford Construction Company for the construction and completion of its branch from Laurel to Saratoga and my impression is that the contract provided for payment in stock and bonds under an arrangement similar to the
1540 present contract we have with them for the construction of the Mendenhall branch.

Int. XV.

Was the railroad now belonging to or operated by the Gulf & Ship Island Railroad Company, extending from Maxie, or other point on its main line, to Columbia, Miss., formerly known as the Columbia, Lumberton & Gulf Railroad Company? If yes, how,

when and at what price did the Gulf & Ship Island Railroad Company acquire the same?

Answer to Interrogatory XV.

My recollection is that the Gulf & Ship Island Railroad Company had a contract with the Bradford Construction Co. for the construction and completion of the line from Maxie to Columbia, Miss., and that the payment for the same was to be made in stock and bonds. I cannot now locate the contract.

Int. XVI.

Did or not N. G. Scott build a part of the railway of your Company between Laurel, or some point beyond Laurel, and Saratoga, or some point on the main line? If yes, how much did he build and what was he paid for same?

Answer to Interrogatory XVI.

I believe that N. G. Scott had a sub-contract with the Bradford Construction Co. covering construction between Laurel and Saratoga, but I do not remember its terms or how much was paid to him by the Bradford Construction Co.

Int. XVII.

Did or not one Alexander build any part of the line of railway belonging to the Gulf & Ship Island Railroad Company between Maxie and Columbia? If yes, how much and what was he paid for the same?

1541 Answer to Interrogatory XVII.

I believe Alexander had a sub-contract with the Bradford Construction Company covering construction between Maxie and Columbia, but do not remember its terms or the amount of money paid him by the Bradford Construction Co.

Int. XVIII.

What amount of money has been paid by the Gulf & Ship Island Railroad Company to the Bradford Construction Company for building or equipping any part of the railroad of the Gulf & Ship Island Railroad Company? If yes, how much and what for?

Answer to Interrogatory XVIII.

My recollection is that the Gulf & Ship Island Railroad Company made no cash payments to the Bradford Construction Co. but that stock and bonds were issued to them for building and equipping its lines.

Int. XIX.

Are you able to state what amount of money has come into the hands of the Gulf & Ship Island Railroad Company since the work of construction was begun from subscriptions to stock, sale of land and sale of bonds? If yes, how much from each source?

Answer to Interrogatory XIX.

The first issues of stock and bonds were turned over to the Bradford Construction Co. for construction and completion of lines and no cash was realized on them. Of our First Refunding and Ter-

minal bonds issued in January, 1902, we sold 2250 at 90¢ netting the Gulf & Ship Island $2,025,000, and in the past two or three years the Capital Stock of the Company has been increased by 10,000 shares, all of which, to carry on the work of improving the road and completing the harbor, I bought at par paying
1542 therefor $1,000,000. The Gulf & Ship Island Railroad Company realized, I believe, about $250,000 for sale of lands. Most of this land was sold to the Bradford Construction Company some years ago. At that time the Gulf & Ship Island Railroad Company was having a struggle to exist there was no demand for its land-receipts were not equal to expenditures and it was necessary to raise additional funds in that manner. While the lands were sold to, and paid for, by the Bradford Construction Co., the deeds to them were not made by the railroad until sold to other parties by the Construction Company.

Int. XX.

If you are able to do so, please state how much money was received from said sources prior to the beginning of construction and state when the work of construction was begun and continued.

Answer to Interrogatory XX.

I have no information to answer the first part of this question. Construction on the lines of the Gulf & Ship Island Railroad was, I believe, begun prior to 1885.

Int. XXI.

Have you in your possession any annual reports of the President or Board of Directors of the Gulf & Ship Island Railroad Company to its stockholders for any years prior to 1904? If yes, please attach same to your answer hereto.

Answer to Interrogatory XXI.

There were no annual reports made prior to the year ended June 30, 1902. Mr. Gee has filed copies for the years subsequent to that date and prior to 1904.

Int. XXII.

Can you state approximately what it has cost to build
1543 and equip the main and branch lines of the Gulf & Ship Island Railroad, and how much of such cost has been paid from receipts from operation? If yes, please state it.

Answer to Interroga-ry XXII.

Up to June 30, 1905, it has cost in stock, bonds, cash and other obligations, more than $12,528,175.05 to construct and equip the Gulf & Ship Island Railroad that is shown as its "Cost of road and equipment" to that date. Under the issuance of its "First Refunding and Terminal Mortgage" in January, 1902, holders of the prior General Mortgage bonds, in consideration of $100,000.00 capital stock then issued to them, and to provide necessary funds for carr-ing on the work of dredging the channel to Ship Island, the anchorage basin at Gulfport, building piers at Gulfport, relaying the main line with heavy rail, making other additional improvements to roadway, etc., consented to a cancellation of $1,800,000 of the

General Mortgage bonds. This cancellation reduced the outstanding bonded debt from $4,550,000 to $2,750,000 and placed in the treasury of the Company $2,250,000 of bonds for these improvement purposes. Had this arrangement not been made the Gulf & Ship Island Railroad could not have carried on the immense work at Gulfport which has proven to be of great benefit to the lumber interests of southern Mississippi by giving them an additional outlet for foreign markets in addition to those of the interior.

Int. XXIII.

Can you state what it has cost, on the average, and amount in excess of $20,000.00 per mile to build and equip the main line and branch lines of the Gulf & Ship Island Railroad? If yes, please state how you get the figures.

1544 Answer to Interrogatory XXIII.

I believe it has cost an amount greatly in excess of $20,000.00 per mile to build and equip the main line and branches of the Gulf & Ship Island Railroad Company, I have no data at hand to verify the figures of former years' construction, but will say that up to January 31, 1906, the cost to that date to the Bradford Construction *Construction* Co. to build the 28.77 miles from Mendenhall to Silver Creek has been $656,941.55, which amount to $22,834.26 per mile of road built. There is other work yet to be done *with* will materially add to the figures shown.

Int. XXIV.

What is the average distance that lumber moving to the northern connections of the Gulf & Ship Island Railroad Company is carried by the latter, and is not the through rate uniform without regard to distance over the line of the Gulf & Ship Island Railroad?

Answer to Interrogatory XXIV.

I believe the average distance that lumber delivered to its northern connection moves over the Gulf & Ship Island is about 90 miles. The through rate is uniform without regard to distance hauled over the Gulf & Ship Island Railroad.

(Signed) J. T. JONES, *President.*

STATE OF MISSISSIPPI, *Harrison County, City of Gulfport:*

Sworn to and subscribed before me this 28th day of April, 1906.

(Signed) H. C. ELDER,

[SEAL.] *Notary Public.*

1545 *Interrogatories to S. S. Bullis.*

Int. I.

Please state your place of residence and occupation.

Int. II.

Were you at one time connected with the management of the Gulf & Ship Island Railroad Company and with the Bradford Construction Company? If yes, when, during what length of time and in what capacity?

Int. III.

Did you or not have any thing to do with the construction or equipment of the Gulf & Ship Island Railroad Company? If yes, to what extent and in what way?

Int. IV.

Can you state, approximately, what it has cost the Gulf & Ship Island Railroad Company to construct its line of railway, including cost of right-of-way, bridges, switches, etc., between Gulfport and Jackson, Miss.? If yes, state what?

Int. V.

Do you know, approximately, what it cost to construct the railway of the Gulf & Ship Island Railroad Company between Hattiesburg and Jackson, and between Laurel and Saratoga and between Maxie and Columbia? If yes, state each, and state your means of information.

Int. VI.

1546 Are you able to say whether the main line and branches of the Gulf & Ship Island Railroad Company have cost the Company more or less than $20,000 per mile? If yes, state whether the cost exceeded or fell below $20,000 per mile? And state, as nearly as you can, your means of information.

Int. VII.

Do you know what character of rails has entered into construction of the Gulf & Ship Island Railroad Company's road, both main line and branches, weight and equality, and whether new or second hand being meant.

Int. VIII.

If you know, please state, approximately, what part of the expense of construction the Gulf & Ship Island Railroad is represented by excavation and what part by rails, ties, bridges and culverts.

(Signed) T. M. MILLER,
Solicitor for Complainant.

1547 *Contract.*

This contract, entered into this 28th day of January, 1903, by and between the Bradford Construction Company, hereinafter known as the Construction Company, and the Gulf & Ship Island Railroad Company, hereinafter known as the Railroad Company.

Witnesseth, that the said Construction Company hereby agrees to construct for the said Railroad Company that branch line of Railroad now in contemplation by the said Railroad Company, to run from Mendenhall in Simpson County, Mississippi, through the county of Laurence, to Columbia in Marion County, Mississippi, a distance of about sixty (60) miles, upon such line and route as may be determined upon and designated by the Chief Engineer of the said Railroad Company?

The said Construction Company covenants and agrees that it will complete the said branch line of Railroad in a neat and workmanlike manner, according to the plans and specifications now in course of preparation, and to be furnished by the Chief Engineer of the said Railroad Company, and which when completed and furnished shall be appended to this contract and become a part hereof.

The said Construction Company shall obtain all necessary rights of way, which in no case shall be less than one hundred (100) feet wide and where practicable two hundred (200) feet wide, with the necessary grounds for depots, turnouts, sidings, switches and other facilities for the proper maintenance and conduct of the said branch railroad, and will build and construct all such depots, water tanks, sidings, turnouts, switches, and other appliances and facilities along said branch line as shall be needed and specified by the said Chief Engineer in the plans and specifications aforesaid. In case it shall become necessary to condemn any right of way, the Railroad
1548 Company agrees that the proceedings for so doing may be taken in its name, and the said condemnation proceedings shall be attended to by the attorneys of the said Railroad Company, free of fees to the said Construction Company. All rights of way, whether acquired by purchase, condemnation, or otherwise, shall be taken originally in the name of the Gulf & Ship Island Railroad Company?

In constructing the said branch line of railway, the said Construction Company shall grade, grub and clear the right of way, furnish and lay all necessary cross ties and iron, and shall build such bridges, culverts, trestles, cattle guards, and such other structures, appliances and appurtenances as may be shown and designated upon the said plans and specifications to be furnished as aforesaid by the Chief Engineer.

Inasmuch as the said Railroad Company has expended certain sums of money, in and about the purchase and acquirement of right of way, and grading and otherwise constructing the said line of road aforesaid, and has entered into contracts with certain persons with reference to the construction thereof, the said Construction Company covenants and agrees that it will reimburse and pay to the said Railroad Company all such sums of money as it may have expended in

and about the purchase of the said right of way and in and about the grading and constructing of the said branch line of Railroad and for the doing of any work thereon, and will hold the said Railroad Company harmless from any and all claims of any and all persons whatsoever, by reason of the said contracts so made by it.

The Construction Company covenants and agrees that it will complete and deliver to the said Railroad Company the First thirty (30) miles of the said branch line of railroad, to wit, from Mendenhall to Silver Creek, Mississippi, on or before January 1st, 1904, and the residue of said branch line of Railroad to be completed in such reasonable time thereafter as the Railroad Company or its Chief Engineer may designate or require.

The Construction Company further covenants and agrees
1549 that as each five (5) miles of road shall be completed and bonds and stock hereinafter mentioned issued in payment thereof, the said Railroad Company shall be at liberty to use the amounts so completed and paid for and to run its trains for the transportation of passengers and freight over the same, but the said Railroad Company shall not be held to have accepted any portion of said road until the whole of the said thirty (30) miles from Mendenhall to Silver Creek, Mississippi, shall have been completed, inspected and accepted by the Chief Engineer or the said Railroad Company, and the said Construction Company agrees that at the conclusion of the construction of the said branch from Mendenhall to Silver Creek, it will turn over and deliver the same to the Railroad Company free of all claims, charges and liens of any and every character whatsoever.

The Railroad Company on its part covenants and agrees that it will sell to the Construction Company the fifty-six (56) and sixty (60) pound steel rail now being taken up off its main line and branches at and for the price of — Dollars ($18.00) per ton, delivered free of cost to the said Construction Company at such point on the line of said Branch Road from Mendenhall to Silver Creek as said Construction Company may specify and that the said fifty-six (56) and sixty (60) pound steel rail so sold by the said Railroad Company to the said Construction Company may be used by the latter in the construction of the Branch Line of railroad forming the subject of this contract.

The Railroad Company further covenants and agrees that for the construction of the said branch line of railroad as hereinbefore provided, it will pay unto the said Construction Company Twenty Thousand Dollars ($20,000) of the capital stock and Twenty Thousand Dollars ($20,000) of the Second Construction and Terminal five per cent. Gold Bonds of the said Railroad Company for each and every mile of the said branch so constructed, in accordance with the terms thereof, which said bonds shall be secured by the
1550 Second Construction and Terminal five per cent. Gold Mortgage, the form of which was reported to and provided by the Board of Directors of the Railroad Company on the 28th day of January, 1903, said bonds, and stock shall be issued as each sec-

tion of five (5) miles of the said branch road shall be constructed, and upon the certificate of the Chief Engineer and the President or one of the Vice Presidents of the Railroad Company, that said section of five (5) miles has been completed according to the specifications of the Chief Engineer, and to the satisfaction of said officers of the said Railroad Company. In case the last section of this contract shall be less than five (5) miles, then stock and bonds shall be issued for such section ratably as aforesaid.

In case of any disagreement or dispute between the Construction Company and the Railroad Company as to the terms of this contract, or as to the sufficiency of any work done by the Construction Company under the terms hereof, the same shall be referred to the Chief Engineer of the Railroad Company, who shall render a decision in writing, which shall have the force of an award, and shall forever bind the parties hereto.

Witness, our signatures this 28th day of January, 1903.

THE BRADFORD CONSTRUCTION COMPANY,

Per —— ——.

THE GULF & SHIP ISLAND RAILROAD COMPANY,

Per —— ——.

1551 In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

No. —.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Interrogatories to Elisha Gee and Answers.

Int. I.

State whether or not you are the President or Auditor of the Gulf & Ship Island Railroad Company. If yes, how long have you been such President or Auditor?

Answer to Interrogatory No. I.

I am, and have been Auditor of the Gulf & Ship Island Railroad Company for about four years.

Int. II.

Were you *are* not connected with or interested in the Bradford Construction Company? If yes, in what way?

Answer to Interrogatory No. II.

I became connected with the Bradford Construction Company in February, 1903 as local Auditor.

Int. III.

Do you know who did the work of building the Gulf & Ship

Island Railroad Company's railroad from Gulfport to Hattiesburg? If yes, who did so and under what contract?

1552 Answer to Interrogatory No. III.

I understand that the construction of the Gulf and Ship Island Railroad Company between Gulfport and Hattiesburg was completed by the Bradford Construction Company but of such, I have no personal knowledge.

Int. IV.

If you shall say that the Bradford Construction Company built or had a contract for the building of the said railroad from Gulfport to Hattiesburg or for any part of the way, please attach the contract or a copy of same to your answer hereto.

Answer to Interrogatory No. IV.

I have been unable to locate any contract covering the construction of the Gulf & Ship Island Railroad between Gulfport and Hattiesburg among the files of the Gulf & Ship Island Railroad Company.

Int. V.

Did or not the Gulf & Ship Island Railroad Company have a contract or contracts with the Bradford Construction Company for the construction of any part of the lines of railway now owned by the Gulf & Ship Island Railroad Company? If yes, please attach the said contract or contracts, or copies thereof, to your answer to this Interrogatory.

Answer to Interrogatory No. V.

The only contract that I have a personal knowledge of covers the construction of what is known as the Mendenhall Branch and I have attached a copy of the same hereto.

Int. VI.

If the Gulf & Ship Island Railroad Company had any contracts with others than the Bradford Construction Company for the

1553 construction of all or any part of its present railroad, please attach such contracts to your answer to this Interrogatory. Or, if you have no such contracts in your possession or under your control, then please state the terms thereof as nearly as you can remember and the amount paid out to contractors for such construction.

Answer to Interrogatory VI.

I have no knowledge of any contracts for construction of Gulf & Ship Island Railroad lines other than shown in my answer to Interrogatory No. 5.

Int. VII.

How much money was actually paid out by the Gulf & Ship Island Railroad Company for the construction of its railroad and bridges, including the cost of rails and other material?

Answer to Interrogatory No. 7.

The books of the Gulf & Ship Island Railroad Company between the period of January, 1897 and October 31, 1901 do not clearly define between the expenditures for construction, improvement and

operation, and I am unable to state what amount of cash was paid for actual construction during that period. Since November 1st, 1901, the Gulf & Ship Island Railroad Company has actually paid out in cash for construction and equipment the sum of $3,374,519.43.

Int. VIII.

How much money has come into the hands of the Gulf & Ship Island Railroad since the work of construction began, other than those from receipts of operation, that is to say, freight, passenger, mail and express transportation?

Answer to Interrogatory No. VIII.

From November 1st, 1901 the Gulf & Ship Island Railroad Company has received from sources other than earnings from operation the sum of $3,135,363.21. Prior to November 1st, 1901 the
1554 books show receipt from sale of lands $249,568.90. For details of the sources of said receipts see answer to Interrogatory 23.

Int. IX.

Please attach to your answers to these interrogatories your existing lumber tariff.

Answer to Interrogatory No. IX.

The Gulf & Ship Island Railroad Company has no individual lumber tariff. It has, however, a local tariff covering the movement of all commodities between local stations on its line and has concurred in lumber tariffs issued by some of its connections.

Int. X.

Please examine the printed document hereto attached headed, "Monthly Bulletin of Investments," and the statement on the second page thereof purporting to show miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf & Ship Island Railroad Company for the month ended January 31, 1906, for the month ended January 31, 1905, for the 7 months ended January 31, 1906 and for the 7 months ended January 31, 1905, and state whether or not the same is true and correct, and if you shall say that the same is untrue or incorrect, then please state in what particulars the same is untrue or incorrect.

Answer to Interrogatory No. X.

The printed document "Monthly Bulletin of Investments" referred to wherein is shown miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf and Ship Island Railroad Company for the months ended January 31st, 1906 and 1905 and for the seven months ended January 31st, 1906 and 1905 is correct.

1555 Int. XI.

The said Bulletin purports to have been issued by Fisk & Robinson, Bankers, etc., New York and Boston. Do you know from what source they obtained the information therein relating to the Gulf & Ship Island Railroad Company? If yes, what?

Answer to Interrogatory No. XI.

The information shown in the Bulletin referred to was furnished Messrs. Fisk & Robinson by my office.

Int. XII.

What is the length of the main line of the Gulf & Ship Island Railroad Company extending from Gulfport to Jackson, Mississippi, and what branch or other line does it own or operate and what is the mileage of each?

Answer to Interrogatory No. XII.

The length of the main line of the Gulf and Ship Island Railroad from Gulfport to Jackson, Miss., is 160.50 miles. It owns and operates branch lines, Maxie, Miss., to Columbia, Miss., 48.75 miles; Saratoga, Miss., to Laurel, Miss., 41.75 miles; Mendenhall, Miss., to Silver Creek, Miss., 28.77 miles.

Int. XIII.

Is there any difference between the main line and branches in respect to construction,—that is to say, as to weight and quality of rails, grades, curves, station houses, etc., etc.? If yes, what is the difference?

Answer to Interrogatory No. XIII.

I have not examined the physical condition of the Gulf & Ship Island Railroad Company and cannot answer regarding any
1556 difference between the construction of its main line and branches.

Int. XIV.

If the Gulf & Ship Island owns a branch railroad from Laurel to Saratoga, please state what the same cost. Either for purchase money or construction, or both.

Answer to Interrogatory No. XIV.

The books of the Gulf & Ship Island Railroad Company show that in December, 1900 it issued to the Bradford Construction Company $5,000,000 of stock and bonds as payment to cover the construction and completion of the branch from Saratoga to Laurel and construction of the main line from Hattiesburg to Jackson and equipment as per contract.

Int. XV.

Was the railroad now belonging to or operated by the Gulf & Ship Island Railroad Company, extending from Maxie, or other point on its main line, to Columbia, Miss., formerly known as the Columbia, Lumberton & Gulf Rail Road Company? If yes, how, when and at what price did the Gulf & Ship Island Railroad Company acquire the same?

Answer to Interrogatory No. XV.

That part of the Gulf and Ship Island Railroad extending from Maxie to Columbia was being operated as the Columbia branch by the Gulf and Ship Island Railroad Company when I entered its service in March, 1902. The books of the Gulf and Ship Island Railroad Company show that in December, 1900 it issued to the

Bradford Construction Company for the Construction and completion of this branch, stock and bonds amounting to $2,000,000.

Int. XVI.

Did or not N. G. Scott build a part of the railway of your Company between Laurel, or some point beyond Laurel, and Sara-
1557 toga, or some point on the main line? If yes, how much did he build and what was he paid for same?

Answer to Interrogatory No. XVI.

I cannot find any record of contract between N. G. Scott and the Gulf and Ship Island Railroad Company for building any of its lines.

XVII.

Did or not one Alexander build any part of the line of the railway belonging to the Gulf & Ship Island Railroad Company between Maxie and Columbia? If yes, how much and what was he paid for the same?

Answer to Interrogatory No. XVII.

I cannot find any record of contract between Alexander and the Gulf and Ship Island Railroad Company for building any of its lines.

Int. XVIII.

What amount of money has been paid by the Gulf & Ship Island Railroad Company to the Bradford Construction Company for building or equipping any part of the railroad of the Gulf & Ship Island Railroad Company? If yes, how much and what for?

Answer to Interrogatory No. XVIII.

The books of the Gulf & Ship Island Railroad Company do not show any payment of money to the Bradford Construction Company for building or equipping any part of its lines, but they do show payment in stock and bonds, as follows:—

January, 1897. For construction and completing the line from Gulfport to Hattiesburg:

Stock	$1,400,000
Bonds	1,050,000

1558

December, 1900. For constructing and completing the branch from Maxie to Columbia:

Stock and Bonds	$2,000,000

December, 1900. For constructing and completing the branch from Laurel to Saratoga and main line from Hattiesburg to Jackson, and equipment:

Stock and Bonds	$5,000,000
Total	$9,450,000

Int. XIX.

Are you able to state what amount of money has come into the hands of the Gulf & Ship Island Railroad Company since the work of construction was begun from subscriptions to stock, sale of land and sale of bonds? If yes, how much from each source?

Answer to Interrogatory No. XIX.

As stated in Interrogatory No. 8, prior to November 1st, 1901 the books show $249,568.90 as receipts from sales of lands, and from November 1st, 1901 to June 30th, 1905, there have been received from subscription and sale of Stock and Bonds, $3,025,000.00.

Int. XX.

If you are able to do so, please state how much money was received from said sources prior to the beginning of construction and state when the work of construction was begun and continued.

Answer to Interrogatory No. XX.

The books in my possession do not date back of January, 1897 and I am unable to answer this question.

1559 Int. XXI.

Have you in your possession any annual reports of the President or Board of Directors of the Gulf & Ship Island Railroad Company to its stockholders for any years prior to 1904? If yes, please attach same to your answer hereto.

Answer to Interrogatory No. XXI.

There is no record of annual reports being made prior to the year ended June 30th, 1902, and I attach hereto copy for that year, and for the year ended June 30th, 1903.

Int. XXII.

Can you state approximately what it has cost to build and equip the main and branch lines of the Gulf & Ship Island Railroad, and how much of such cost has been paid from receipts from operation? If yes, please state it.

Answer to Interrogatory No. XXII.

The actual net cost of the Gulf and Ship Island Railroad Company for building and equipping its main line and branches was, to June 30, 1905 as shown by its account, Cost of Road and equipment $12,528,175.05, of which there has been paid out of receipts from operation $239,156.22.

Int. XXIII.

Can you state that it has cost, on the average, an amount in excess of $20,000.00 per mile to build and equip the main line and branch lines of the Gulf & Ship Island Railroad? If yes, please state how you get the figures.

Answer to Interrogatory No. XXIII.

I can state that up to June 30, 1905, it has cost the Gulf & Ship Island Railroad Company more than an amount in excess of $20,000.00 per mile to build and equip its main line and

branches. I arrive at my figures in the following man-
1560 ner:

By net total amount of bonds issued for construction	$2,750,000.00
By stock issued for construction	5,000,000.00
By proceeds from sale of 2250 bonds	2,025,000.00
By proceeds of stock sold	1,000,000.00
By securities to be issued for Mendenhall Branch	1,150,800.00
By floating debt at June 30, 1905 from operation from November 1, 1901	110,363.21
By surplus earnings and discount on bonds sold	492,011.84
Total cost to Gulf and Ship Island Railroad Company	$12,528,175.05

which is at the rate of $44,780.27 per mile for the 279.77 miles of constructed road on that date.

Int. XXIV.

What is the average distance that lumber moving to the northern connections of the Gulf & Ship Island Railroad Company is carried by the latter, and is not the through rate uniform without regard to distance over the line of the Gulf & Ship Island Railroad?

Answer to Interrogatory No. XXIV.

The average distance of lumber carried by the Gulf & Ship Island Railroad Company moving to its northern connection is about 90 miles. The through rate is uniform without regard to distance hauled over the Gulf and Ship Island Railroad.

(Signed) ELISHA GEE, *Auditor.*

STATE OF MISSISSIPPI, *Harrison County, City of Gulfport:*

Sworn to and subscribed before me this 28th day of April 1906.

(Signed) H. C. ELDER,
[SEAL.] *Notary Public.*

(Here follows statement marked p. 1561.)

Statu
the

1561.

Washington, D.C.
March 9, 1906

Years	Net earnings per mile of road	Total mileage operated
1904	$ 41051	1 374.71

FOLD OUT IS TOO LARGE TO BE FILMED

Table No. 10

Capital Stock, Funded Debt, Fixed Charges and Dividends from January 1, 1883, to June 30, 1903.

		Average miles operated	Capital Stock		Funded Debt including Equipment Trusts, but not Stock Trusts		Net Receipts from Operation, and All Receipts from any Land Department, Investment, Improvement, Sinking Fund, Other Undistributed, Miscellaneous, and Profit and Loss Accounts	Fixed Charges, including Rentals and Taxes, but not Interest on Proprietary and Miscellaneous Profits		Per Cent of Fixed Charges to All Receipts as shown in Balance Sheet	Dividends	Per Cent Dividends to All Receipts as shown on Profit and Loss Balance
			Amount	Per Mile	Amount	Per Mile		Amount	Per Mile			
Year ending December 31	1883	1,958	$ 59,000,000	$ 15,041	$ 38,142,000	$ 19,485	$ 6,482,542	$ 4,637,834	$ 1,311	41.76%	$ 2,800,000	31.93%
" " "	1884	2,000	59,000,000	29,500	38,282,000	19,141	6,943,210	4,758,192	1,321	40.84%	2,800,000	28.74%
" " "	1885	2,000	59,000,000	29,500	38,960,000	19,480	6,914,296	4,767,529	1,323	40.80%	2,800,000	28.74%
" " "	1886	2,000	59,000,000	29,500	38,971,000	19,485	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1887	2,563	59,000,000	23,031	38,971,000	15,205	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1888	2,963	59,000,000	19,911	38,971,000	13,151	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
Half Year ending June 30,	1889	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
Year ending Dec. 31	1889	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1890	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1891	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1892	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1893	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1894	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1895	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1896	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1897	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1898	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1899	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1900	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1901	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1902	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1903	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%

1562 *Deposition of William Renshaw for the Defendants.*

NOTE.—Copied at page 1396 of this Transcript.

Interstate Commerce Commission, Office of the Secretary, Washington.

Edward A. Moseley, Secretary.

I, Edward A. Moseley, Secretary of the Interstate Commerce Commission, do hereby certify that the paper hereto attached was compiled from the Supplemental Reports of the Illinois Central Railroad Company, for the Years ending June 30, 1891 to 1901, inclusive, on that Portion of its Line South of Cairo, Illinois, and shows the amount of Net Income (or Deficit) as returned in the reports severally now on file with this Commission.

In testimony whereof, I have hereunto subscribed my name, and affixed the seal of the Commission, this twenty-third day of April, 1906.

[SEAL.] (Signed) EDW. A. MOSELEY, *Secretary.*

1563 Statement showing the "Surplus" (or Deficit) of the Illinois Central Railroad Company, on that Portion of its Line South of Cairo, Illinois, as shown in its Supplemental Reports to the Interstate Commerce Commission for the Years ending June 30, 1891 to 1901, inclusive.

Year.	Amount.
1891	[1]$45,838.36
1892	[1]480,945.46
1893	[1]676,385.25
1894	[1]155,229.71
1895	299,967.64
1896	119,656.51
1897	240,502.60
1898	764,556.09
1899	106,434.09
1900	892,903.27
1901	1,482,891.28

[1]Deficit.

Above being continuation of exhibits showing surplus from 1902 to Dec. 31st, 1905 of printed record 854.

(Here follows statement marked p. 1564.)

1565 *Certificate of Secretary Interstate Commerce Commission as to Tariffs, May* 18, 1906.

Interstate Commerce Commission, Washington, Secretary's Office.

In the Circuit Court of the United States for the Eastern Division of Louisiana.

No. 13386.

INTERSTATE COMMERCE COMMISSION
v.
ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

Certificate as to tariffs on file with the Interstate Commerce Commission in evidence before said Commission in the Central Yellow Pine Association *v.* The Illinois Central Railroad Company *et als.*

I, Edward A. Moseley, Secretary of the Interstate Commerce Commission, and Custodian of its records, hereby certify that the following named tariffs are on file in the records of said Commission and that the same cannot be removed therefrom, and that they show as follows:

Tariff of the Illinois Central Railroad and connections, effective August 19th, 1889, No. L 955, names through rate on Lumber, carloads, 24,00 pounds and over, 26 cents per 100 pounds from Kenner, Louisiana, and twenty-nine other stations in Louisiana and Mississippi, to Bay View, Wisconsin, and fifty-three other stations in Wisconsin and Illinois; that Illinois Central Railroad Joint Freight Tariff No. B 8110 (I. C. C. No. 1850), effective April 15th, 1903, names rate on Pine Lumber, carloads minimum weight 30,000 pounds, from and to stations named in Tariff No. L. 955 above referred to, 29 cents per 100 pounds.

That Illinois Central Railroad Joint Freight Tariff No. M. 100, dated October 28th, 1892, effective November 3rd, 1892, issued in connection with the Cleveland Cincinnati Chicago & St. Louis Railway, names rate of 20 cents per hundred pounds on Lumber, carloads, 24000 pounds and over, from Kenner, Louisiana, and 34 other stations in Louisiana, and Mississippi, to Vincennes, Indiana, and 29 other stations in the State of Illinois; that said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850), effective
1566 April 15th, 1903, names rate of 22 cents per 100 pounds on Pine Lumber, carloads, from said stations in Louisiana and Mississippi, to Vincennes, Indiana, and a number of other of said stations in the State of Illinois.

Illinois Central Railroad Joint Freight Tariff No. M 253, effective May 21st, 1893, names rate on lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to Indianapolis, Indiana, and 31 other stations in Illinois and Indiana, 23 cents per 100 pounds; that

the rates named in said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) on Pine Lumber carloads, minimum weight 30,000 pounds, are from 23.56 cents to 26 cents per 100 pounds, applying from and to points shown in said tariff M 253.

Illinois Central Railroad Joint Freight Tariff No. M 42, effective September 22nd, 1892, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi to Salem, Illinois, and 94 other stations on the Ohio and Mississippi Railroad (now the Baltimore & Ohio Southwestern Railroad) in the states of Illinois and Indiana, when loaded on flat cars 23 to 25 cents per 100 pounds, when loaded in box cars 22 cents to 24 cents per 100 pounds; that the rates on Pine Lumber, carloads, as aforesaid, named in said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) effective April 15th, 1903, as applying from and to said points vary from 24 cents to 26 cents per 100 pounds; without restriction as to kind of car.

Illinois Central Railroad Joint Freight Tariff No. M 30, effective September 19th, 1892, issued in connection with the St. Louis Alton & Terre Haute Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to St. Louis, Missouri, East St. Louis, Illinois, and 51 other stations in Illinois 20 cents per 100 pounds; that the rates on Pine Lumber, carloads, minimum weight 30,000 pounds, named in said Illinois Central Rail-
1567 road Tariff No. B 8110 (I. C. C. No. 1850) from and to same stations vary from 20 cents to 23 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. L. 3571, effective August 24th, 1892, issued in connection with the Minneapolis & St. Louis Railroad, Chicago Milwaukee & St. Paul Railroad, Chicago Great Western Railroad or Chicago Burlington & Northern Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 29 other stations in Louisiana and Mississippi, to St. Paul, Minneapolis and Minnesota Transfer, Minnesota and common points 29 cents per 100 pounds; that said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rates on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, varying from 30 cents to 33 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M. 54, effective October 4th, 1892, issued in connection with the Chicago & North-Western Railroad and the Chicago Milwaukee & St. Paul Railway, names rate on Lumber carloads, minimum weight 24,000 pounds and over from Kenner Louisiana, and 33 other stations in Louisiana and Mississippi, to Milwaukee, Wisconsin, and a number of other stations on the Chicago & North-Western Railway and the Chicago Milwaukee & St. Paul Railway in Wisconsin and Illinois, 26 cents per 100 pounds; that said Illinois Central Railroad Joint Freight Tariff No. B 8110, (I. C. C. No. 1850), effective April 15th, 1903, names rates on Pine Lumber, carloads, minimum weight

30,000 pounds, from and to same points varying from 24 cents to 29 cents per 100 pounds.

Illinois Central Railroad Supplement No. 6 to Joint Freight Tariff No. M 9, effective January 29th, 1893, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to Buffalo, N. Y., and other points in the States of New York, Pennsylvania and Ohio, when in box cars 30 cents, and on flat cars 32½ cents per 100 pounds; the said Illinois Central Railroad Joint Freight Tariff No. B 8110 (I. C. C. No. 1850) names rate on Pine
1568 Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 33 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M 81, issued in connection with the Wabash Railroad, effective October 11th, 1892, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 31 other stations in Louisiana and Mississippi, to Toledo, Ohio, and Woodburn, Indiana, including 12 other stations in Ohio, 26 cents per 100 pounds, when in box cars; that said Illinois Central Railroad Joint Freight Tariff No. B 8110, (I. C. C. No. 1850) shows rate on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 30 cents per 100 pounds.

That said Illinois Central Railroad Joint Freight Tariff No. M 81 names rate to New Haven and Peru, Indiana, and 11 other stations in Indiana, on Lumber, in box cars, 25 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rates on Pine Lumber from and to the same points varying from 27 to 31 cents per 100 pounds.

That the said Illinois Central Railroad Tariff No. M 81 names rate on Lumber, carloads, from stations above indicated, to Logansport, Indiana, Detroit, Michigan, and other points in Michigan, Ohio and Indiana, 24 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) shows rates on Pine Lumber, carloads, to Logansport 27 cents, to Detroit 30 cents, and to other Indiana, Michigan and Ohio points rates varying from 25 cents to 30 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M 258, effective May 25th, 1893, issued in connection with the Chicago Burlington & Quincy Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and other stations in Louisiana and Mississippi therein named, to Kewanee, and nine other stations in the State of Illinois, 24 cents per 100 pounds. The said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rate on Pine Lumber, carloads, minimum
1569 weight 30,000 pounds, from and to same stations effective April 15th, 1903, 26 cents per 100 pounds.

That Illinois Central Railroad Joint Freight Tariff No. M. 82, effective October 11th, 1892, issued in connection with the Wabash Chester & Western Railroad and the Michigan Central Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds

and over, from Kenner, Louisiana, and other stations in Louisiana and Mississippi, to Willow Creek, Indiana, to Detroit, Michigan, fourteen stations, 24 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) effective April 15th, 1903, names rates on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 28 to 30 cents per 100 pounds.

That under tariffs named in Appendix B to the Brief of Marcellus Green and Garner Wynn Green in Central Yellow Pine Association *v.* Illinois Central Railroad Company *et als.* before the Interstate Commerce Commission, No. 707, the rates there stated from the stations there stated and the present rates there stated under Illinois Central Railroad tariff No. B 8110, are correctly stated according to said tariffs, with the following exceptions:

Tariff No.	Station.	Old rate.	Pres. rate.	Adv. rate.
M 189	Litchfield, Ill.	.....	23.8c.	2.8
M 203	Martinsville, Ind. ..	.....	26	5
M 222	Columbus, Ohio ...	.....	29	4
Sup. 1 to M 223	McLeansboro, Ill. ..	24c.	26	
L 3167	Leslie, Mich.	29	.....	1
M 40	Forest City, Ia....	32.24	.....	2.76

There are also observed some slight errors in the dates effective of the tariffs listed as published in 1892 and of one in 1893, and a duplication of the rates to Elizabeth, Illinois, the tariff reference on the first page being correct while the date effective is wrong, and the tariff reference on the second page being in error but the date effective correct.

That the statements of Appendix C to said Brief, setting forth the rates from stations therein named under I. C. R. R. No. M 24, effective September 19th, 1892, therein called the old rate, and that under I. C. R. R. B. 8110, I. C. C. 1850, called the present
1570 rate, are correctly set forth in said Exhibit, with the following exceptions:

The date effective of I. C. R. R. No. M 24 is September 19th, instead of September 29th, 1892.

Tariff No.	Station.	Pres. rate.	Old rate.	Adv. rate.
	Clinton, Ill.	25c.	...	2c.
	Sanderall, Ill. (no rates)	...	...	...
	Springfield, Ill.	25	23	...
	Sleeden, Iowa (no rates)	...	...	...

That by Supplement No. 32 to New Orleans & North-Eastern Railroad Joint Freight Tariff on Pine Lumber, etc., No. N. 1627 (I. C. C. No. 1220), effective July 2, 1902, the rates on gum and cottonwood lumber carloads from all Alabama & Vicksburg Railway stations (except Vicksburg, Jackson and Meridian, Mississippi) published in connection with the Mobile & Ohio Railroad and the

Chicago Burlington & Quincy Railway, were, to Chicago and Moline, Illinois, 21 cents, and to East St. Louis, Illinois, and St. Louis, Missouri, 14 cents per one hundred pounds; and on common lumber other than Pine, Cypress, Gum or Cottonwood, carloads, to Chicago and Moline 21 cents, and to St. Louis and East St. Louis 15 cents per 100 pounds.

That by Supplement No. 36 to said New Orleans & North-Eastern Railroad Tariff No. N 1627, (I. C. C. No. 1220), effective November 1, 1902, issued in connection with the Mobile & Ohio Railroad and the Chicago Burlington & Quincy Railway, and applying from Alabama & Vicksburg Railway stations except Vicksburg, Jackson and Meridian, Mississippi, the rates on Gum and Cottonwood lumber, carloads, were, to Chicago and Moline, Illinois, 22 cents, and to St. Louis, Missouri, and East St. Louis, Illinois, 16 cents per hundred pounds, the same rates applying from and to said points on Common Lumber other than Pine and Cypress, carloads.

That Supplement No. 37 to said New Orleans & North-Eastern Railroad Tariff No. N. 1627, is a reissue of Supplement No. 36 above described and is identical in terms with the previous issue as regards points of origin and destination, traffic covered, rates to be applied, the only difference being that the date of issue is
1571 October 22nd, 1902, instead of October 10th, and that it includes the Illinois Central Railroad as a party to the rates.

That Illinois Central Railroad (Southern Lines) Local Distance Tariff No. M. 741 (I. C. C. No. B. 316), effective June 1, 1897, governing traffic between all stations on southern lines (Main Line and Branches) except on Mississippi State Business, between stations in the State of Mississippi, on Main Line, Michigan City to Osyka, inclusive; between stations on Memphis Division; between stations in the State of Mississippi on Main Line and Stations on the Memphis Division, shows mileage rates in cents per 100 pounds for Class N (Lumber) as follows:

5	Miles	and	under	.....	3½
10	and over	5	miles	.....	4½
15	"	10	"	.....	5
20	"	15	"	.....	5½
25	"	20	"	.....	6
30	"	25	"	.....	6½
35	"	30	"	.....	7
40	"	35	"	.....	7½
45	"	40	"	.....	8½
50	"	45	"	.....	9
60	"	50	"	.....	9½
70	"	60	"	.....	10
80	"	70	"	.....	10½
90	"	80	"	.....	11
100	"	90	"	.....	11½
110	"	100	"	.....	12

120	"	110	"	12½
130	"	120	"	13
140	"	130	"	13½
150	"	140	"	14
160	"	150	"	14½
170	"	160	"	15
180	"	170	"	15½
190	"	180	"	16
200	"	190	"	16
210	"	200	"	16½
220	"	210	"	16½
230	"	220	"	17
240	"	230	"	17½
260	"	240	"	18
280	"	260	"	19
300	"	280	"	19

1572 Miles and under and over miles.

320	"	300	"	19½
340	"	320	"	20½
360	"	340	"	20½
380	"	360	"	20½
400	"	380	"	20½
425	"	400	"	20½
450	"	425	"	20½
475	"	450	"	20½
500	"	475	"	20½
525	"	500	"	20½
550	"	525	"	20½

That said Tariff contains the following note: "This Tariff does not affect rates from or to Memphis or Whitehaven, Tenn., New Orleans, La., or Cairo, Ill."

In witness whereof I have hereunto set my hand *hand* and affixed the Seal of Said Commission this 15th day of May, A. D. 1906.

(Signed) EDW. A. MOSELEY,

[SEAL.] *Secretary of the Interstate Commerce Commission.*

1573 *Affidavit of D. W. Longstreet.*

Filed June 13, 1906.

Affidavit of D. W. Longstreet in Explanation of Certain Tariffs of the Illinois Central Railroad Company put in Evidence by Complainants.

Affiant, D. W. Longstreet, states that he is the General Freight Agent of the Illinois Central Railroad Company at Louisville, Ky.; that from about June, 1887 to the present date he has been continuously in the employ of said Illinois Central Railroad Company; that he was employed in the general freight office of the Illinois Central Railroad Company at New Orleans from 1887 to 1899, and is familiar with the tariffs upon yellow pine lumber from Mississippi territory to points on and north of the Ohio River issued by said Illinois Central Railroad Company during the said period of time; and is familiar with the conditions that surrounded said lumber traffic during said period.

Affiant states that from his earliest connections with the issuance of lumber tariffs by the Illinois Central Railroad Company, the endeavor of said company was to make its rates from points on its lines in Mississippi and Louisiana to points situated in territory North of the Ohio River on the lowest combination via Ohio River Crossings.

Affiant states that while said plan of rate making was in the earlier history of lumber rates generally followed, it was not in all instances practicable to fix through rates from points in Mississippi and Louisiana to points North of the Ohio River in such manner.

From as far back as 1887 down to May 1, 1894, the rate from Arkansas to Cairo was made less than the existing rate from Mississippi to Cairo. The rate from Arkansas to Cairo was originally fixed lower than the established rate from Mississippi to Cairo because (1) it was believed by the traffic officers of the Arkansas lines that having the shorter distance to Cairo, they were justified in accepting a lower rate, and (2) because it was claimed by the Arkansas lines that as the short leaf pine produced in Arkansas had not then become a factor in the market in competition with long leaf yellow pine produced in Mississippi, it could not hope to establish itself in the market unless it had the benefit of lower rates.

As the Arkansas lumber territory was developed, the lower rate from Arkansas to Cairo upon which the Arkansas lines insisted and on which they based their through rates to points North of the Ohio River, became more and more considered by individual purchasers of lumber in the territory North of the Ohio River; and to such an extent was the competition from Arkansas felt in respect to particular contracts for large and important deliveries, that the through rates, in disregard of the normal adjustment, were frequently made on the representations and upon the requests of Mississippi producers merely to enable them to keep in the market.

Affiant states that he has examined and checked the following

tariffs of the Illinois Central Railroad Company filed in this case by counsel for complainant and relied upon by them, viz: L-955, M-100, M-253, M-42, M-30, L-3571, M-54, Supplement 6 to M-9, M-81, M-258 and M-82.

It is true that the rates shown in tariffs referred to are in many instances lower than the rates which are published in tariff B-8110, effective April 15, 1903; and the rates shown in said tariffs other than tariff B-8110 were necessary to meet competition for the reasons hereinbefore stated.

It has not been practicable, owing to the changes in mode of publication of tariffs to trace a history of the rates to every point shown in said tariffs filed by complainant, but so far as it has been possible to trace the history of the rates to the more important points it has been done and the results shown as follows:

Tariff L-955.

The most important points of destination shown in this tariff are Milwaukee, Racine and Kenosha, Wis. and Deering, Ill. To Milwaukee, Wis., as shown by I. C. R. R. L-220, effective March 10, 1888, the rate on box cars was 29 cents, flat cars 32 cents.
1574 These rates remained in effect until I. C. R. R. tariff L-955, effective August 19, 1889, which made the rate 26 cents box or flat.

To Racine, Wis., as shown by I. C. R. R. tariff L-646, effective Dec. 3, 1888, the rate on box cars was 29 cents, flat cars 32 cents per 100 pounds. These rates remained in effect until I. C. R. R. tariff L-955, effective August 19, 1889, which makes the rate 26 cents box or flat.

To Deering, Ill. and Kenosha, Wis., the first record is tariff L-955, effective August 19, 1889, which makes the rate 26 cents of box or flat cars. The basis for rates on lumber to these two points has always been the same as to Milwaukee, and without question if rates had been published to these two points prior to August, 1889, the rates would have been the same as to Milwaukee.

The rate shown by B-8110, effective April 15, 1903 to all four of these points is 29 cents per 100 pounds box or flat cars.

Tariff M-100.

The most important points of destination shown in this tariff are Grayville, Ill., Vincennes, Ind., Carmi, Ill. and Mount Carmel, Ill.

To Grayville, Ill., as shown by I. C. R. R. tariff L-254, effective April 11, 1888, the rate on box cars was 26 cents, flat cars 29 cents. Effective February 22, 1891, as shown by tariff L-2268, the rate was made 22 cents on box or flat cars; and as shown by M-100, effective November 3, 1892, the rate was made 20 cents, box or flat cars.

The rate shown by B-8110, effective April 15, 1903 to this point is 21.91 cents, box or flat cars.

To Vincennes, Ind., as shown by I. C. R. R. tariff L-2823, effective September 1, 1891, the rate on box or flat cars was 22 cents. Tariff M-100, effective November 3, 1892, made the rate 20 cents on box or

flat cars. Tariff B-8110, effective April 15, 1903, restores the rate of 22 cents on box or flat cars.

The first record we find of rates to Carmi and Mount Carmel, Ill. is tariff M-100, effective November 3, 1892, which makes the rate 20 cents on box or flat cars. The prevailing rate adjustment would have provided rates somewhat similar to those in effect to Grayville if rates had been previously published.

Tariff B-8110, effective April 15, 1903, provides a rate to Carmi Ill. of 21.86 cents and to Mount Carmel, Ill. 22 cents, box or flat cars.

Tariff M-253.

The most important points of destination shown in this tariff are Indianapolis, Terre Haute, Greencastle and Danville, Ind. and Paris, Ill.

To Indianapolis, Ind., as shown by tariff L-45, effective January 1, 1887, the rate on box cars was 23 cents, flat cars 28½ cents. Effective January 4th, 1889 as shown by Tariff L-675 the rate was made, box cars 23 cents, flat cars 26 cents and as shown by M-253, effective May 21st, 1893 the rate was made 23 cents box or flat cars. Effective April 15th 1903 the rate was made 26 cents box or flat cars.

To Terre Haute, Ind. the rates were covered by the same tariffs, effective on the same dates and naming the same rates as above named to Indianapolis, Ind., except that B-8110, effective April 15th 1903, makes the rate 24 cents box or flat cars.

To Greencastle and Danville, Ind., as shown by Tariff L-842 effective June 14th, 1889, the rate on box cars was 27 cents, flat cars 30 cents. Effective January 5th, 1891 as shown by tariff L-2103, the rate was made box cars 24 cents, flat cars 26 cents. Effective March 22nd, 1891, as shown by tariff L-2357, the rate was made, box cars 23 cents, flat cars 26 cents and as shown by M-253, effective May 21st, 1893, the rate was made 23 cents box or flat cars. Effective April 15th 1903, Tariff B-8110, the rate was made 26 cents box or flat cars.

To Paris, Ill., as shown by tariff L-842, the rate on box cars was 24½ cents, flat cars 27½ cents. Effective January 5th, 1891, as shown by tariff L-2103, rate was made box cars 24 cents, flat cars 25 cents. Effective March 22nd, 1891, as shown by tariff L-2357, the rate was made, box cars 23 cents, flat cars 26 cents and as shown by Tariff M-253, effective May 21st, 1893, the rate was made 23 cents box or flat cars, Tariff B-8110, effective April 15th, 1903,
1575 makes the rate 23.56 cents box or flat cars.

Tariff M-42.

The most important points of destination shown in this tariff are Flora, Ill., Mitchell, Seymour and Milan, Ind., Beardstown, Farmingdale, Taylorsville, Altamont and Shawneetown, Ill.

To Flora, Ill., as shown by tariff L-2681, effective July 6th, 1891, rate was box cars 25 cents, flat cars 26 cents. Effective June 10th, 1892, Tariff L-3413, rate was made box cars 23 cents, flat cars 26 cents. Effective June 22nd, 1892, Tariff L-3432, rate was made, box

cars 22 cents, flat cars 24 cents and as shown by Tariff M-42, effective September 22nd, 1892, rate was made box cars 22 cents, flat cars 23 cents. Rate shown by B-8110, effective April 15th, 1903, is 24 cents box or flat cars.

To Mitchell, Seymour and Milan, Ind., the first record is Tariff L-3432, effective June 22nd, 1892, which makes the rate box cars 23 cents, flat cars 26 cents and as shown by M-42, effective September 22nd, 1892, the rate was made box cars 23 cents, flat cars 25 cents. Tariff B-8110, effective April 15th, 1903, makes the rate to Mitchell and Seymour, Ind. 26 cents box or flat cars and to Milan, Ind. 27 cents box or flat cars.

To Beardstown, Ill., Tariff L-447, effective August 8th, 1888, rate was box cars 27 cents, flat cars 30 cents and as shown by Tariff M-42, effective September 22nd, 1892, rate was made 24 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Farmingdale, Ill., the first record is tariff L-3432, effective June 22nd, 1892, which made the rate 24 cents box or flat cars and as shown by Tariff M-42, effective September 22nd, 1892, the rate was still carried at 24 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Taylorsville, Ill. as shown by Tariff L-169, effective February 1st, 1888, rate was box cars 27 cents, flat cars 30 cents. Tariff L-208, effective March 8th, 1888, made the rate, box cars 25 cents, flat cars 28 cents. Tariff L-2460, effective April 24th, 1891, made the rate 24 cents box or flat cars and which rate was continued in Tariff M-42, effective September 22nd, 1892, and also in Tariff B-8110, effective April 15th, 1903.

To Altamont, Ill. the first record appears in Tariff L-3368 effective May 25th, 1892, which made the rate 24 cents box or flat cars. Tariff M-42, effective September 22nd, 1892, made the rate 23 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 24 cents box or flat cars.

To Shawneetown, Ill. Tariff L-2762, effective August 7th, 1891, made the rate 25 cents box or flat cars. Tariff M-42, effective September 22nd, 1892, made the rate 24 cents box or flat cars, and the latter rate was continued in Tariff B-8110, effective April 15th, 1903.

It will be observed that prior to 1892 rates were not provided to all of these points as during this period the publication of tariffs on lumber was governed by the needs of the lumber trade and not until some time after was there a lumber tariff published containing generally all of the points in the territory covered by this complaint. The relations between the points named in connection with Tariff M-42 with respect to the adjustment of rates on lumber, were practically the same prior to the date of Tariff M-42, as is represented by that tariff, and if the railroad company had been requested to publish rates in 1888, for instance, to Flora, Ill., Mitchell, Seymour, Milan, Farmingdale, Ind. etc. such rates would have borne about the same relation to each other as they do in the Tariff M-42, that is to say, that the rate to Farmingdale would have been about the same as to Beardstown and Taylorsville.

This statement is a proper application with respect to the relative adjustment of rates between the points of destination in connection with the other tariffs which appear in this affidavit.

1576 Tariff M-30.

The most important points of destination shown in this tariff are Belleville, Freeburg, Marissa, Pinckneyville, Murphysboro, Carterville and Metropolis, Ill.

To Belleville, Freeburg, Marissa and Pinckneyville, Ill., as shown by Tariff L-832, effective June 5th, 1889, the rate was, box cars 23 cents flat cars 26 cents. Tariff *Tariff* L-2987, effective November 21st, 1891, made the rate 20 cents box or flat cars and this rate was continued in Tariff M-30, effective September 19th, 1892. Tariff B-8110, effective April 15th, 1903, made the rates to Belleville 20 cents box or flat cars; Freeburg and Marissa 23 cents box or flat cars; Pinckneyville 22 cents box or flat cars.

To Murphysboro, Carterville and Metropolis, Ill., as shown by Tariff L-2987, effective November 21st, 1891, the rate was 20 cents box or flat cars and this rate was continued in Tariff M-30, effective September 19th, 1892. Tariff B-8110, effective April 15th, 1903, made the rate to Murphysboro 22 cents box or flat cars; Carterville 21 cents box or flat cars; Metropolis 18 cents box or flat cars.

Tariff L-3571.

The most important points of destination shown in this Tariff are St. Paul and Minneapolis, Minn. La Crosse, Prairie du Chien, Wis. and Winona, Minn.

To St. Paul and Minneapolis, Minn., as shown by Tariff L-278, effective April 24th, 1888, the rate was box cars 33 cents, flat cars 36 cents. Effective October 5th, 1889, as shown by Tariff L-1081, the rate was made, box cars 29 cents, flat cars 32 cents. Effective August 18th, 1892 Tariff L-3555, the rate was made 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892, Tariff B-8110 effective April 15 1903 made the rate 33 cents box or flat cars.

To La Crosse, Wis. as shown by Tariff L-714, effective January 25th, 1889, rate was box cars 33 cents, flat cars 36 cents. Tariff L-1081, effective October 5th, 1889, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892. Tariff B-8110 effective April 15th, 1903, made the rate 30½ cents box or flat cars.

To Prairie du Chien, Wis., Tariff L-1081, effective October 5th, 1889, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892. Tariff B-8110, effective April 15th, 1903, made the rate 30½ cents box or flat cars.

To Winona, Minn. as shown by Tariff L-309, effective May 10th, 1888, the rate was, box cars 33 cents, flat cars 36 cents. Tariff

L-1081, effective October 5th, 1889, made the rate, box cars 29 cents, flat cars 32 cents, Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars, and this rate was continued in Tariff L-3571 August 24th, 1892. Tariff B-8110, effective April 15th, 1903 made the rate 30½ cents box or flat cars.

Tariff M-54.

The most important points of destination shown in this tariff are Milwaukee, Racine, and Kenosha, Wis., and Deering, Ill.

To Milwaukee, Wis., as shown by ICRR L-220 effective March 10th, 1888, the rate on box cars was 29 cents, flat cars 32 cents. These rates remained in effect until ICRR tariff L-955, effective August 19th, 1889, which made the rate 26 cents box or flat cars.

To Racine, Wis. as shown by ICRR tariff L-646, effective Dec. 3rd, 1888, the rate on box cars was 29 cents, flat cars 32 cents per 100 pounds. These rates remained in effect until ICRR tariff L-955, effective August 19th, 1889, which makes the rate 26 cents box or flat.

To Deering, Ill., and Kenosha, Wis., the first record is tariff L-955, effective August 19th, 1889, which makes the rate 26 cents on box or flat cars. The basis for rates on lumber to these two points has always been the same as to Milwaukee, and without question if rates had been published to these two points prior to August
1577 1889, the rates would have been the same as to Milwaukee.

The rate shown by Tariff B-8110, effective April 15th, 1903, to all four of these points is 29 cents per hundred pounds box or flat cars.

Tariff Supplement 6 to M-9.

The most important points of destination shown in this tariff are Buffalo, N. Y., Pittsburg, Pa., Steubenville, Ohio, Erie Pa. and Wheeling, W. Va.

To Buffalo N. Y., as shown by Tariff L-355, effective June 15th, 1888, the rate was box cars, 30 cents, flat cars 33 cents. Tariff L-1260 effective December 25th, 1889, made the rate 34 cents box or flat cars. Tariff L-1526, effective April 27th, 1890, made the rate 32½ cents box or flat cars. Tariff L-2872, effective October 5th, 1891, made the rate box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents. Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Pittsburg, Pa., as shown by Tariff L-98, effective December 21st, 1887, the rate was box cars 33 cents flat cars 35 cents. Tariff L-338, June 4th, 1888, made the rate box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents. Tariff B-8110 effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Steubenville, Ohio, as shown by Tariff L-2409, effective April 8th 1891, the rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate

box cars 30 cents, flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Erie, Pa., as shown by Tariff L-2872, effective October 5th, 1891, rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Wheeling, W. Va., as shown by Tariff L-1201, effective November 22nd, 1899, the rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

Tariff M-81.

The most important points of destination shown in this tariff are Toledo, Ohio, Fort Wayne, Logansport, Ind., Detroit, Mich., New Haven, Ind., Peru, Ind., Woodburn, Ind., Adrian, Mich., Lafayette, Ind., Danville, Litchfield, Jacksonville and Quincy, Ill. and Keokuk, Iowa.

To Toledo, Ohio, as shown by Tariff L-253, April 11th, 1888, the rate was box cars 32 cents, flat cars 34 cents. Tariff L-335, effective June 4th, 1888, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-337, effective June 4th, 1888, made the rate box cars 28 cents, flat cars 31 cents. Tariff L-771, March 10th, 1889, made the rate box cars 29 cents flat cars 32 cents. Tariff L-966, effective August 22nd, 1889, made the rate box cars 26 cents, flat cars 29 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made the rate box cars 26 cents, flat cars 27 cents and Tariff B-8110 effective April 15th, 1903 made the rate 30 cents box or flat cars.

To Fort Wayne, Ind., as shown by Tariff L-966, effective August 22nd 1889, the rate was box cars 25 cents, flat cars 28 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 25 cents, flat cars 28 cents. Tariff M-81 effective October 11th, 1892, made the rate box cars 25 cents, flat cars 26 cents and Tariff B-8110, effective April 15th, 1903, made the rate 29 cents box or flat cars.

To Logansport, Ind., as shown by Tariff L-327, effective May 12th, 1888, the rate was box cars 30 cents, flat cars 33 cents.
1578 Tariff L-3476, effective July 14th, 1892, made rate box cars 24 cents, flat cars 26 cents. Tariff M-81, effective October 11th, 1892 made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made rate 27 cents box or flat cars.

To Detroit, Mich., as shown by Tariff L-94, effective Dec. 17th, 1887, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-417, effective July 27th, 1888, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-610 effective November 15th 1888 made the rate box cars 28 cents flat cars 31 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 26 cents, flat cars 29 cents.

Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110 made the rate 30 cents box or flat cars.

To New Haven Ind., as shown by Tariff L-3476, effective July 14th, 1892, the rate was box cars 25 cents, flat cars 28 cents. Tariff M-81, October 11th, 1892, made the rate box cars 25 cents, flat cars 26 cents and Tariff B-8110, effective April 15th, 1903, made the rate 29 cents box or flat cars.

To Peru, Ind., as shown by tariff L-3476, effective July 14th, 1892, the rate was box cars 25 cents, flat cars 27 cents. Tariff M-81, effective October 11th, 1892, made the rate 25 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 27 cents box or flat cars.

To Woodburn, Ind., as shown by Tariff L-3476, effective July 14th, 1892, the rate was box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made rate box cars 26 cents, flat cars 27 cents and Tariff B-8110, effective April 15th, 1903, made rate 30 cents box or flat cars.

To Adrian, Mich., as shown by Tariff L-3476, effective July 14th, 1892 the rate was box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Lafayette, Ind., as shown by Tariff L-54, effective January 5th, 1887, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-966, effective October 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 24 cents, flat cars 26 cents. Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Danville, Ill., as shown by Tariff L-294, effective May 7th, 1888, rate was box cars 27 cents, flat cars 30 cents. Tariff L-966 effective August 22nd, 1889, made the rate box cars 24 cents, flat cars 26 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 25 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 23 cents, flat cars 25 cents. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Litchfield, Ill., as shown by Tariff L-200, effective March 6th, 1888, the rate was box cars 26¼ cents, flat cars 29¼ cents. Tariff L-1111, effective October 21st, 1889 made the rate 23¼ cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 23.8 cents box or flat cars.

To Jacksonville, Ill., as shown by Tariff L-173, effective February 5th 1888, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-3476 effective July 14th, 1892, made the rate 24 cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Quincy, Ill., as shown by Tariff L-282, effective April 13th, 1888 the rate was box cars 27 cents, flat cars 30 cents. Tariff L-2010, effective November 21st, 1890, made the rate 26 cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 25 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 24 cents box or flat cars.

1579 To Keokuk, Iowa, as shown by Tariff L-860, effective July 15th, 1889 the rate was box cars 27 cents, flat cars 30 cents. Tariff L-2580, effective March 31st, 1891, made the rate 27 cents box or flat cars. Tariff L-3185, effective March 15th, 1892, made the rate 26 cents box or flat cars and this rate was continued in Tariff M-81, effective October 11th, 1892 and also in Tariff B-8110, effective April 15th, 1903.

As herein before stated during the earlier period tariffs were not published to all points in territorial groups of destination but only to the more important points and if rates had been published to such points as Adrian, Mich., New Haven, Peru and Woodburn, Ind., prior to 1892 they would have been somewhat similar and borne a close relation to the rates published during that earlier period to such points as Toledo, Ohio, Detroit, Mich., Logansport and Lafayette, Ind.

Tariff M-258.

The most important points of destination shown in this tariff are Princeton, Ill., Kewanee, Ill., Galva, Ill., and Galesburg, Ill.

To Princeton, Ill., as shown by Tariff L-2629, effective June 22nd, 1891, the rate was 27 cents box or flat cars. Tariff M-258, effective May 25th, 1893, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Kewanee, Ill., the first record we locate is Tariff M-258, May 25th, 1893, which made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Galva, Ill., as shown by Tariff L-427, effective August 1st, 1888, the rate was box cars 33.8 cents, flat cars 36.8 cents. Tariff M-258, effective May 25th, 1893, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Galesburg, Ill., as shown by Tariff L-2629, effective June 22nd, 1891, the rate was 27 cents box or flat cars. Tariff L-426 effective July 31st, 1888, made rate box cars 31 cents, flat cars 34 cents. Tariff M-258, effective May 25th, 1893, made rate 24 cents box or flat cars and Tariff B-8110 made the rate 26 cents box or flat cars.

Tariff M-82.

The most important points of destination shown in this tariff are Michigan City and South Bend, Ind., Benton Harbor, Detroit, Kalamazoo, Mich., Chester, Ill., and Willow Creek, Ind.

To Michigan City, Ind., as shown by Tariff L-180, effective February 9th, 1888, the rate was box cars 32 cents, flat cars 35 cents.

Tariff L-204, effective March 10th, 1888, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-967, August 22nd, 1889, made the rate box cars 25 cents flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff L-3090, effective January 1st, 1892, and also Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

To South Bend, Ind., as shown by Tariff L-633, effective December 4th, 1888, the rate was box cars 29 cents, flat cars 32 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff M-82 effective October 11th, 1902, made the rate 24 cents box or flat cars and Tariff B-8110, effective — 15th, 1903, made the rate 28 cents box or flat cars.

To Benton Harbor, Mich., as shown by Tariff L-813, effective May 21st, 1889, the rate was box cars 28 cents, flat cars 31 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

To Detroit, Mich., as shown by Tariff L-94, effective December 17th, 1887, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-417, effective July 27th, 1888, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-610, effective November 15th, 1888
1580 made the rate box cars 28 cents, flat cars 31 cents. Tariff L-2248, effective February 15th 1891, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Kalamazoo, Mich., as shown by Tariff L-641, effective December 4th 1888, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-2248, effective Feb'y 15th, 1891, made the rate box cars 27 cents flat cars 29 cents. Tariff M-32, effective October 11th, 1892, made the rate 27 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Chester, Ill., as shown by Tariff L-673, effective December 31st, 1888, the rate was box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate 23 cents box or flat cars and this rate is continued in Tariff M-82, effective October 11th, 1892 and also in Tariff B-8110, effective April 15th, 1903.

To Willow Creek, Ind., as shown by Tariff L-813, effective May 21st, 1889, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff L-3090, effective January 1st, 1892, made the rate 24 cents box or flat cars and this rate was continued in Tariff M-1082, effective October 11th,

1892. Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

It is relevant to state that the fluctuations in the through rates to the territory referred to were caused, not only by competition and trade conditions as herein before recited, but also largely by changes in rates from Ohio River Crossings to said territory.

The tariffs referred to in the certificate of Secretary Mosely of May 15th, 1906, and which were largely the outcome of Arkansas competition as was the case from time to time at particular destinations, it is safe to say cover not exceeding two per cent. of the points of destination in the territory north of the Ohio River. It was not until May 1894 that the lines from Mississippi were forced by reason of the general business depression to equalize the Arkansas competition at all points.

All of the early tariffs herein referred to for the purpose of showing the history of the rates were duly filed with the Interstate Commerce Commission, though the rule requiring Interstate Commerce Commission numbers had not at that time been established.

The foregoing facts are stated by this affiant upon information and belief based upon his recollection and upon the records of the Illinois Central Railroad Company.

(Signed) Name: D. W. LONGSTREET.

Present Address, Louisville, Kentucky.
Dated at Louisville, Ky. this 26th day of May 1906.

Sworn and subscribed to before me V. C. Yeager this 26th day of May 1906, at Louisville, County of Jefferson, and State of Kentucky. My commission expires February 15, 1908.

(Signed) V. C. YEAGER,
Notary Public, Jefferson Co., Ky.

Statistics No 1 for the Lincoln by [illegible] Valuation

N. Lincoln No 1

1581.

E A R N I N G S.

	2 Passenger revenue	Ra pe as re	graph rents other rces	13 Total earnings from operation	17 Total earnings per train mile	Proportion to total earnings and income.	
			I L L I N.				
1903,							
1902, Group 5	2334950	2.1	158	14518450	1.577	100.00	Page 374-5
" 6	5685490	1.9	994	26387931	1.513	98.14	" 380-1
1901, " 5	2233397	2.1	412	13181574	1.288	100.00	" 366-7
" 6	5094345	1.8	741	23731561	1.345	90.45	" 372-3
1900, " 5	1891657	2.3	597	11863055	1.242	100.00	" 360-1
" 6	4285997	1.9	369	20748912	1.349	89.45	" 365-7
1899 " 5	1630755	2.1	854	10258835	1.171	100.00	" 368-9
" 6	3778783	1.9	018	17856055	1,321	87.19	" 376-9
1898.							
1892, " 5	993088	2.2	982	5733737	1.124.	100.00	" 310-11
" 6	3395181	2.0	903	13464758	1.198	92.67	" 316-17
			L O U A N D S O U T H.				

FOLD OUT IS TOO LARGE TO BE FILMED

1582

Exhibit No 2 to Enoch's Testimony.

EARNINGS IN GROUPS PER MILE OF ROAD OPERATED.

STATISTICS OF RAILWAYS IN UNITED STATES.

ILLINOIS CENTRAL RAILROAD.

	Page	Earnings	Miles operated		Earnings per mile
1903, Group 5		$16,193,850	1376.71		$11,779.90
" 6		29,124,609	2924.34		9,958.33
1902 Group 5	374	$14,518,450	1374.71	"	$10,561.10
Group 6	380	26,389,310	2909.19	"	9,070.54
1901 Group 5	361	13,181,574	1356.31	"	9,718.70
" 6	372	26,731,651	2909.19	"	9,188.69
1900 Group 5	360	11,863,055	1356.31	"	8,746.56
" 6	366	20,748,912	2639.55	"	7,860.39
1899, Group 5	368	10,268,635	1356.31	"	8,098.56
" 6	376	20,476,171	2322.43	"	8,817.56

LOUISVILLE & NASHVILLE RAILROAD.

1903, Group 5					
" 6					
1902, Group 5,	374	$ 29,306,065	3226.13	"	$9,083.96
" 6,	380	1,504,449	218.	"	7,176.46
1901, Group 5	368	26,757,374	3116.29	"	8,586.32
" 6	374	1,444,739	208.74	"	6,906.85
1900, Group 5	362	27,141,368	3025.29	"	8,971.49
" 6	368	1,310,378	208.74	"	6,277.08
1899, Group 5	370	23,069,691	2939.20	"	7,848.93
" 6	378	1,207,926	208.74	"	5,787.22

Mileage taken from Statistics of Railways in United States.

Exhibit No 4 to Enroche' Testimony

STATISCAL REPORT I. C. C. 1902, PAGE 645

Comparative Summary of Passenger and Freight Service for the years ending June 30, 1902 to 1892

Item	1902	1901.	1900.
Tons carried 1 mile.	157289370053	147077136040	141,899,157,270.
Tons carried 1 mile per mile of line	793,351	760,414	735,366
Freight train mileage	499,711,176	491,962,041	492,568,486
Average number tons in train	296.47	281.26	270.88
a. Typical haul of the Average Railway, miles	131.04	135.03	128.53
b Typical haul of all the railways regarded as a systems, miles	239.10	251.98	238.39
Total revenue-train mileage	936,148,675	908,093,618	888,781,890
Total mileage of freight cars	13,326,514,389	12,811,211,703	----------

Comparative Summary of Passenger and Freight Service for the years ending June 30,1902, to 1892- Continued.

Item	1896	1895	1894
Tons carried 1 mile	98,328,360,278	85,227,515,891	80,335,104,702
Tons carried 1 mile per mile of line	523,832	479,490	457,252
Freight-train mileage	479,500,170	449,291,238	446,807,223
Average number of tons in train.	198.81	189.69	179.80
Average haul per ton a Typical haul of the average railways, miles	124.47	122.32	125.88
b. Typical haul of all the railways regarded as a system, miles.	------	------	-------
Total revenue train mileage	-------	------	-------
Total mileage of freight cars	-------	------	-------

Item	1899	1898	1897
Tons carried 1 mile, Tons carried 1 mile	123,667,257,153	114,077,576,305	98,139,022,225
per mile of line	659,505	617,810	519,079
Freight train mileage	507,841,798	503,766,258	464,942,242
Average number tons in train	243.52	226.45	204.62
Average haul per ton a. Typical haul of the Average railways, miles.	128.85	129.78	128.27
b. Typical haul of all the railways regarded as systems, miles	242.45	____	____
Total revenue-train mileage	------	------	-------
Total mileage of freight cars	____	____	____

Item	1893	1892	Increased 1892 over 1901
Tons carried 1 mile	93,588,111,833	88,241,050,228	10,212,234,013
Tons carried 1 mile per mile of line	551,232	543,365	32,937
Freight-train mileage	508,719,506	485,402,369	7,769,135
Average number of tons in train	183.99	181.79	15.21
Average haul per ton a Typical haul of the average railways, miles	125.60	124.89	3.99
b. Typical haul of all the railways regarded as a system, miles	-----	-----	12.88
Total revenue-train mileage	-----	------	28,055,857
Total mileage of freight cars			515,302,666

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Exhibit No 5 to Enoch's Testimony

STATISTICAL REPORT I. C. C. 1902.

Comparative Summary of Average Daily Compensation of Railway Employees for the years ending June 30, 1902 to 1892
(Average daily compensation in Dollars)

Class.	United States										
	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	189
General Officers.	11.17,	10.97,	10.45,	10.03,	9,73,	9.54,	9.19,	9.01,	9.71.	8.10	7.83
Other Officers	5.60	5.56	5.22	5.18	5.21	5.12	5.96	5.85	5.75		5.23
General office Clerk	2.18	2.19	2.19	2.20	2.25	2.18	2.21	2.19	2.34	2.25	2.23
Station Agt	1.80	1.77	1.75	1.74	1.73	1.73	1.73	1.74	1.75	1.83	1.82
other Station men	1.61	1.59	1.60	1.60	1.61	1.62	1.62	1.62	1.63	1.65	1.65
Enginemen	3.84	3.78	3.75	3.72	3.72	3.65	3.65	3.65	3.61	3.68	3.65
Firemen	2.20	2.16	2.14	2.10	2.09	2.06	2.06	2.05	2.03	2.06	2.05
Conductors	3.21	3.17	3.17	3.13	3.13	3.07	3.05	3.04	3.04	3.10	3.08
other train men	2.04	2.00	1.96	1.94	1.95	1.90	1.90	1.90	1.89	1.92	1.90
Machinists	2.36	2.32	2.30	2.29	2.28	2.23	2.26	2.22	2.21	2.31	2.29
Carpenters	2.08	2.06	2.04	2.03	2.02	2.01	2.03	2.03	2.02	2.10	2.08
Other shopmen	1.78	1.75	1.73	1.72	1.70	1.71	1.69	1.70	1.69	1.73	1.72
Section Foremen	1.72	1.71	1.69	1.68	1.69	1.70	1.70	1.70	1.71	1.75	1.76
Other trackmen	1.25	1.23	1.22	1.18	1.16	1.16	1.17	1.17	1.18	1.22	1.22
Switch tenders crossing tenders & Watchmen	1.77	1.74	1.80	1.77	1.74	1.72	1.74	1.75	1.75	1.82	1.80
Telegraph operators & dispatchers.	2.01	1.98	1.96	1.93	1.92	1.90	1.93	1.98	1.93	1.96	1.92
Employees-acct.floating equipment	2.00	1.97	1.92	1.89	1.89	1.86	1.94	1.91	1.97	1.96	2.03
All other Servers	1.71	1.69	1.71	1.68	1.67	1.64	1.65	1.65	1.65	1.70	1.68

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Exhibit No. 6 to Enoch's Testimony

STATISTICAL REPORT I. C. C. 1902, Page 43.
Comparative Summary of Average Daily Compensation of Railway Employees for the years ending June 30, 1902, to 1892 by Groups.

Class	Group 5.				Group 6.			
	1902.	1901.	1900.	1892.	1902.	1901.	1900.	1892
General officers	10.35	10.47	9.49	5.96	14.07	13.10	12.59	9.94
Other officers	3.94	4.05	3.66	[illegible]	6.89	6.64	6.71	"
General Office clerk	1.96	2.20	2.13	1.85	2.14	2.10	2.14	2.10
Station Agts.	1.53	1.52	1.45	1.75	1.80	1.77	1.77	1.85
Other station men	1.38	1.37	1.39	1.51	1.55	1.55	1.57	1.66
Engineemen	4.01	3.90	3.88	4.46	3.71	3.68	3.68	3.63
Firemen	1.97	1.96	1.95	2.17	2.24	2.22	2.23	2.15
Conductors	3.12	3.14	3.12	3.58	3.29	3.27	3.29	3.15
Other trainmen	1.75	1.75	1.71	1.98	2.04	2.00	1.97	1.94
Machinists	2.27	2.29	2.34	2.36	2.29	2.18	2.18	2.25
Carpenters	1.83	1.80	1.81	1.98	2.06	2.01	2.05	2.07
Other shopmen	1.58	1.52	1.49	1.48	1.79	1.74	1.75	1.72
Section foremen	1.57	1.57	1.52	1.72	1.64	1.63	1.63	1.66
Other trackmen	.96	.95	.95	.96	1.34	1.31	1.30	1.25
Switch tenders, crossing tenders & switchmen.	1.68	1.63	1.77	1.87	2.01	2.00	2.07	2.04
Telegraph operators & dispatchers	1.80	1.78	1.77	1.93	1.98	1.94	1.92	1.94
Employees-acct floating equipment	1.45	1.41	1.40	1.03	1.83	1.66	1.63	1.92
All other employees and laborers	1.47	1.44	1.54	1.83	1.91	1.85	1.90	1.83

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Exhibit No 7 to Enoch Testimony.

STATISTICAL REPORT I.C.C. 1902.

Classification of Employees, by Groups, and per 100 Miles of Line, Pages 37-38

Class.	Group 4. Number,	Group 4. Per 100 Miles of line	Group 5. Number	Group 5. Per 100 Miles of line	Group 6. Number	Group 6. Per 100 Miles of line
General officers	289	2	469	2	758	2
Other officers	650	5	854	4	621	1
General office Clerks	2045	17	3815	17	6716	15
Station Agents	2099	18	3778	17	6734	15
Other Station men	4087	34	8379	37	20208	44
Enginemen	2014	17	3667	16	9270	20
Firemen	2366	20	4029	18	9565	21
Conductors	1521	13	2554	11	6225	13
Other trainmen	3612	30	6145	27	14939	33
Machinists	1442	12	3239	14	6503	14
Carpenters	3029	26	6159	27	9225	20
Other shopmen	6131	52	11602	51	24011	53
Section foremen	1725	15	3431	15	7763	17
Other trackmen	13092	110	29502	130	56224	123
Switch tenders Crossing tenders & watchmen	1458	12	3888	17	9988	22
Telegraph operators & dispatchers	1447	12	2082	9	5474	12
Employees acct floating equipment	180	2	400	2	108	( )
All other employees & laborers.	5118	43	11262	50	28841	63

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Exhibit No 8 to Enoch's Testimony.

STATISTICAL REPORT I. C. C. 1902.

STATISTICS OF RAILWAYS IN THE UNITED STATES, 1902.

of

INTERSTATE COMMERCE COMMISSION.

Page 21- Summary of Equipment, by Groups,-Locomotives.

Territory covered	Freight
Groups 5	1751
Group 6	4686

Summary of Equipment, by Groups, Cars.

Territory covered	Freight service
Group 5	102,188
Group 6	321,130

Assignment of Equipment per 1,000 Miles to Length of Line, by Groups.

	LOCOMOTIVES		CARS	
Territory covered	Total	Freight	Total	Freight
Group 5	137	77	4799	4500
Group 6	172	103	7348	7019

Assignment of Equipment to Amount of Traffic, by Groups,-Page 23.

Territory covered	Tons carried per freight Locomotive	Ton miles per freight locomotive	Freight cars per 1,000,000 tons of freight carried.
Group 5	45,434	6,623,442	1,284
Group 6	44,850	6,377,796	1528

"The number of locomotives per 1,000 miles of line on June 30, 1902, was 206 being an increase of 4per 1,000 miles of line, as compared with the previous year. This increase is due to an increase of 1 per 1,000 miles of line in freight locomotives and 3 per 1,000 miles of line in switching locomotives."

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Exhibit No 9 to Enoch's Testimony

Summary of Freight Traffic Movement for the year ending June 30, 1902--

UNITED STATES

COMMODITY	TOTAL FREIGHT TONNAGE.
Products of Agriculture:	
Grain	52,257,455
Cotton	5,983,877
Fruit & Vegetables	14,501,968
Products of Animals:	
Live Stock	15,477,500
Products of Mines:	
Anthracite Coal	83,720,175
Bituminous Coal	255,792,615
Ores	84,866,105
Products of forest	
Lumber	88,653,853
Other products of forests	25,332,208
Manufactures:	
Petroleum and otheroils	10,033,705
Iron,pig & bloom	28,520,310
Household goods & furniture	2,661,909

Summary showing Freight Traffic Movement, by class of commodity originating on Line of Reporting Roads-United States and by division.

Class of Commodity	United States	Division 2. Groups 4 and 5 territory south of Ohio & Patomac rivers & east of lower Mississippi River.	
		Tonnage reported as originating on line.	Per cent of aggregate
Products of forest	14,548,160		18.65

Summary of Freight-Car Mileage for the year ending June 30, 1902.

Territory covered	Mileage of Empty Cars. North or East.	South or West.	Unclassified	Total	Total Mileage of freight ca
Group 5	145,255,925	146,168,149	1,528,995	992,953,069	1068898498
Group 6	306,633,833	345,548,964	129,661,299	781,844,096	2726892653

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Exhibit No. 10 to Enoch's Testimony

Summary Showing Taxes and Assessments of the Railways in the United States, by States and Territories, for the year ending June 30, 1902.

6 Page 94. Exhibit No 10 Enoch Testimony

State or Territory.	Amt.	Per mile of line.	State or Territory.	Amt.	per mile of line
Alabama	$780,968	$187	New Jersey	$1,690,688	$770
Arkansas	530,683	171	New York	4,904,588	605
California	1,357,011	247	North Carolina	538,411	149
Colorado	1,263,928	268	North Dakota	621,020	210
Connecticut	1,031,308	1,005	Ohio	3,126,530	354
Deleware	101,125	301	Oregon	249,377	156
Florida	408,055	132	Pennsylvania	4,327,160	426
Georgia	651,896	120	Rhode Island	188,256	888
Idaho	325,008	244	South Carolina	450,792	152
Illinois	4,586,422	411	South Dakota	284,545	96
Indiana	2,661,222	477	Tennessee	742,984	240
Iowa	1,610,251	171	Texas	1,117,764	110
Kansas	2,196,626	251	Utah	310,113	206
Kentucky	897,683	296	Vermont	150,944	146
Louisiana	673,155	247	Virginia	759,719	204
Maine	370,366	198	Washington	629,083	215
Maryland	382,955	284	West Virginia	493,882	218
Massachusetts	2,925,598	1,401	Wisconsin	1,710,276	259
Michigan	1,509,444	190	Wyoming	174,112	141
Minnesota	1,752,493	247	Arizona	140,700	92
Mississippi	504,167	130	District of Col.	17,694	557
Missouri	1,402,107	203	Indian Territory	14,582	9
Montana	406,164	129	New Mexico	288,958	148
Nebraska	1,168,622	204	Oklahoma	198,654	139
Nevada	180,921	193	Total	53,192,928	274
New Hampshire	392,918	324			

Showing that average taxation was less in the states of Enoch v Mun Gedup VI

1590 *Final Decree.*

Entered and Filed November 26th, 1906.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

In Equity. No. 13346.

This cause coming on for hearing upon the petition or bill of complaint, answers thereto, proof taken, stipulations of counsel, the proceedings before the Interstate Commerce Commission and the entire record, and the same having been duly considered by the Court:

It is hereby ordered, adjudged and decreed, that the order made by the Interstate Commerce Commission and drawn in question in this cause be in all things affirmed and made the order of this Court and that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience to said order, and from further maintaining or enforcing an advance of two cents per one hundred pounds established by defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the
1591 other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River crossings, and from further charging, for the transportation of lumber as aforesaid, the rates resulting from said advance.

It is further ordered that the injunction herein granted be and is hereby suspended for ten days from November 26th, 1906, that is to say, until and including December 5, 1906, which time is allowed the Respondents within which to apply for a supersedeas should they or either of them desire to enter an appeal.

It is further ordered, adjudged and decreed, that the costs of this cause be taxed against and be paid by the defendants.

Ordered, adjudged and decreed, this the 26th day of November, A. D. 1906.

(Signed) CHARLES PARLANGE,
U. S. Judge.

1592 *Petition for Supersedeas.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Petition for Supersedeas.

To the Honorable Judges of the Circuit Court of the United States Sitting in Equity within and for the Eastern District of Louisiana:

Your petitioners, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, defendants in the above entitled cause, respectfully show unto your Honors that on or about June 17, 1905, The Interstate Commerce Commission filed a bill of complaint against your petitioners, alleging violation, on the part of your petitioners, of a certain order made by said Commission on or about the seventh day of February, 1905, requiring your petitioners to cease and desist on or before April 1st, 1905, from further maintaining or enforcing an alleged unlawful advance of 2 cents per hundred pounds or the alleged unlawful rates resulting therefrom, for the transportation of lumber in carloads from ship-
1593 ping points on defendants' respective lines in Louisiana East of the Mississippi River, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, and Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, and praying, among other things, for an injunction restraining your petitioners from further continuing in their violation and disobedience of the said order of the Commission, as fully shown in said bill as it remains of record in said Court.

Your petitioners further show that such proceedings were had in said Court under said bill of complaint that on the 26th day of November, 1906, it was decreed,

"That the order made by the Interstate Commerce Commission and drawn in question in this cause, be in all things affirmed and made the order of this Court and that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience of said order, and from further maintaining or enforcing an advance of two cents per one hundred pounds established by defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the tranportation of lumber in carloads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi River, and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River crossings, and from further charging, for the transportation of lumber as aforesaid, the rates resulting from said advance.

"That the injunction herein granted be and is hereby suspended for ten days from November 26, 1906, that is to say until and including December 5, 1906, which time is allowed the Respondents within which to apply for a supersedeas should they or either of them desire to enter an appeal.

"That the costs of this cause be taxed against and be paid by defendants."

Your petitioners further show that said decree of this Court will necessitate the reduction in rates of two cents per hundred pounds on all lumber in carloads carried by any of your petitioners from any of the lumber shipping points on your petitioners lines, in the State of Louisiana East of the Mississippi River and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings.

1594 Your petitioners further show that they desire to pray an appeal from the said decree rendered by this court in the above entitled cause on the 26th day of November, 1906, to the Supreme Court of the United States, and petitioners have ready to be filed with the Clerk of this Court their petition for appeal together with an assignment of errors and appeal bond to be approved by this Court.

Your petitioners submit, that if they should put in effect said reduced rates on lumber in carloads carried by any of them from any of the lumber shipping points in the state of Louisiana East of the Mississippi River, and the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings,

as is in effect ordered by said decree, and should accept the same for transportation of said lumber between said points of shipment and destination, they could not, in case the decree of this court should be reversed, recover back from shippers or consignees, the difference between such reduced rates and your petitioners' present rates from said points of shipment to said points of destination; or if your petitioners should have a legal right to recover back said difference it will be necessary for your petitioners to institute such a multiplicity of suits against the numerous consignees that the costs of such litigation would amount to more than your petitioners could ultimately recover; and therefore, your petitioners aver that the loss which they would sustain pending their said appeal by such reduction in their rates on said lumber in carloads as is in effect ordered by said decree, would be irremediable.

Your petitioners aver that if they should make the reductions in said rates as ordered by said decree, it would be difficult, if not impossible, to restore the present rates if said decree should be reversed.

1595 Your petitioners are willing and here offer to keep an accurate account of each and every shipment of lumber (yellow pine) in carloads made from any of the lumber shipping points on their respective lines in the state of Louisiana East of the Mississippi River and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings, which account shall show the dates of the shipments, the names of the consignors and consignees, the weight of lumber carried, and the rate of freight charged; and to make reports to this Court of such shipments as often as the Court may order, and your petitioners hereby offer to execute a bond with sufficient surety to be approved by the court, payable to the United States of America or to such other payee as the Court may direct, in such reasonable penalty as the Court may order, conditioned for the prompt payment by your petitioners to such person or persons as may be legally entitled thereto, such amounts as your petitioners or any of them may collect pending said appeal over and above the reduced rates ordered by said decree; or said bond may be conditioned in such other manner as this Honorable Court may decree just and equitable to protect the interest of the shippers and consignees, pending said appeal.

The premises considered your petitioners pray, that the injunction ordered by said decree be superceded, that the execution of said decree be suspended; and that your petitioners be authorized to continue to charge their present rates on lumber (yellow pine) in carloads, from shipping points on their respective lines in the state of Louisiana East of the Mississippi River, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River commonly called and known as Ohio River points or crossings, and to points basing thereon, pending your petitioners' said appeal.

1596 As in duty bound your petitioners will ever pray, etc.

This is the first application for a supercedeas for said injunction, or for a suspension of the execution of said decree.

(Signed) ED. BAXTER,
Solicitor for Petitioners.

1597 STATE OF LOUISIANA,
Parish of Orleans, City of New Orleans:

Personally came and appeared before me Joseph Q. Gowland, a notary public, in and for the parish of Orleans and state of Louisiana, duly commissioned and qualified, Hunter C. Leake, agent for the above named petitioners, and general agent of the Illinois Central Railroad Company, who made oath in due form of law and says, that the facts stated in the foregoing petition as to petitioner's own knowledge are true, and that those stated on information and belief he believes to be true.

(Signed) HUNTER C. LEAKE.

Sworn to and subscribed before me this 30 day of November, 1906.

[SEAL.] (Signed) J. Q. GOWLAND, *Not. Pub.*

1598 *Order Suspending Execution of Decree and Superceding Injunction.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Order Suspending Execution of Decree and Superseding Injunction.

This cause came on further to be heard on this 30th day of November, 1906, before the Honorable Charles Parlange Judge, &c., upon the previous proceedings, and the petition filed herein on the 30th day of November, 1906, by the defendants the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the

Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company and the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, praying for a suspension of the execution of the decree rendered herein on the 26th day of November, 1906, and for a supersedeas of the injunction ordered in said decree, pending the appeal which said defendants desire to pray from said decree.

1599 And it appearing to the Court that said defendants may be subjected to irreparable injury and to a multiplicity of suits if said decree should be executed and said injunction should be enforced, pending said appeal, it is ordered, adjudged and decreed by the court, that pending said appeal, said defendants keep an accurate account of each and every shipment of yellow pine lumber made from any of the lumber shipping points in Louisiana, East of the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, which account shall show the dates of shipment, the names of consignors and consignees, the weight of lumber carried and the rate of freight charged, and make reports thereof to this Court once every three months pending said appeal; and that said defendants execute bond with sufficient surety to be approved by the Court payable to the United States of America for the benefit of whom it may concern in the penalty of Ten Thousand Dollars, conditioned that if said defendants fail to prosecute said appeal to effect, they will promptly pay to such person or persons as may be legally entitled thereto, such amounts as said defendants or any of them may collect, pending said appeal, from such person or persons for the transportation of yellow pine lumber from any of the lumber shipping points in Louisiana, East of *of* the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, over and above the reduced rates from said points of shipment to said points of destination as ordered by said decree.

And thereupon said defendants executed said bond, and the same was approved by the Court; and it was ordered, adjudged and decreed by the Court that the execution of said decree be suspended and that said injunction be superseded pending said appeal.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

This 30th day of November, 1906, 2:07 P. M. o'clock.

1600 *Special Bond.*

Filed Nov. 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Special Bond.

Know all men by these presents, that we, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, as principals, and Hunter C. Leake as surety are held and firmly bound unto the United States of America for the benefit of whom it may concern, in the sum of Ten Thousand Dollars ($10,000.00), to be paid to the said United States of America, for the benefit of whom it may concern, for the payment of which well and truly to be made, we bind ourselves, and each of us, our and each of our successors, heirs, executors, and administrators, jointly and severally, firmly by these presents.

Sealed with our seals, and dated the 30th day of November in the year of our Lord One Thousand Nine Hundred and Six.

1601 Whereas the above named, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company have filed a petition in the above entitled cause praying for a suspension of the execution of the decree rendered on the 26th day of November 1906, in said cause, in said Court, and for a supersedeas of the in-

junction ordered by said decree, pending the appeal which said defendants desire to pray from said decree;

Now therefore, the condition, of this obligation is such that if the above named Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, in the event they fail to prosecute said appeal to effect, they will promptly pay to such person or persons, as may be legally entitled thereto, such amounts as said defendants or any of them may collect pending said appeal from such person or persons for the transportation of yellow pine lumber from any of the lumber shipping points in Louisiana, east of the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, over and above the reduced rates from said points of shipment to said points of destination as ordered by said decree, then this obligation shall be void; otherwise the same shall remain in full force and virtue.

ILLINOIS CENTRAL RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

1602 GULF & SHIP ISLAND RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

SOUTHERN RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

MOBILE & OHIO RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

ALABAMA GREAT SOUTHERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

ALABAMA & VICKSBURG RAILWAY COMPANY, [SEAL.]
(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.
LOUISVILLE & NASHVILLE RAILROAD COMPANY, [SEAL.]
(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.
(Signed) HUNTER C. LEAKE, *Surety.* [SEAL.]

Signed, sealed and delivered, taken and acknowledged be-
1603 fore me, and approved by me this 30th day of November 1906, at 2:07 P. M. o'clock.
(Signed) CHARLES PARLANGE,
United States District Judge.

1604 *Petition for Appeal.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE *Commission* COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Petition for Appeal.

To the Honorable Judges of said Court:

Your petitioners, Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Mobile & Ohio Railroad Company New Orleans & Northeastern Railroad Company, the Southern Railway Company, Alabama Great Southern Railroad Company, Cincinnati, New Orleans & Texas Pacific Railway Company, Alabama & Vicksburg Railway Company and Louisville & Nashville Railroad Company, defendants in the above entitled cause, conceiving themselves aggrieved by the final decree of this Court rendered in favor of complainant on the 26th day of November 1906, in the above entitled cause, do hereby appeal from said decree to the United States Su-

preme Court, for the reasons specified in the Assignment of Errors which is filed herewith.

1605 Wherefore, your petitioners pray for an order that said appeal may be allowed, and that a transcript of the record, proceedings, and papers upon which said decree was made, duly authenticated may be sent to the United States Supreme Court.

(Signed) ED. BAXTER,
Solicitor for Said Petitioners.

1606 *Order Granting Appeal.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Order Granting Appeal.

The above named defendants the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company pray an appeal from the decree rendered by this Court in the above entitled cause on the 26th day of November 1906, to the Supreme Court of the United States; and said defendants having filed with the Clerk of this Court their petition for appeal, together with an assignment of errors and an appeal bond, which bond has been duly approved by the Court,

It is ordered, adjudged and decreed by the Court that said appeal be granted and allowed, and that a transcript of the record, and proceedings and papers upon which said decree was made, duly

1607 authenticated, be sent to the Supreme Court of the United States.

The foregoing is hereby approved for entry this 30th day of November 1906, at 2,25 o'clock.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

1608 *Appeal Bond.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Appeal Bond.

Know all men by these presents, that we, Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, as principals, and Hunter C. Leake as surety, are held and firmly bound unto the United States of America for the benefit of whom it may concern, in the sum of One Thousand dollars ($1,000.00), to be paid to the said United States of America for the benefit of whom it may concern, for the payment of which well and truly to be made, we bind ourselves, and each of us, our and each of our successors, heirs, executors and administrators, jointly and severally, firmly by these presents.

Sealed with our seals and dated this 30th day of November
1609 in the year of our Lord One Thousand Nine Hundred and Six.

Whereas, the above named the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, have pros-

ecuted an appeal to the Supreme Court of the United States on the 30th day of November 1906,

Now, therefore, the condition of this obligation is such that if the above named Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Southern Railway Company, Mobile & Ohio Railroad Company, New Orleans & Northeastern Railroad Company, Alabama Great Southern Railroad Company, Cincinnati, New Orleans & Texas Pacific Railway Company, Alabama & Vicksburg Railway Company, and Louisville & Nashville Railroad Company, shall prosecute said appeal to effect, and answer all damages and costs if they fail to make said appeal good, then this obligation shall be void; otherwise the same shall remain in full force and virtue.

ILLINOIS CENTRAL RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

GULF & SHIP ISLAND RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

SOUTHERN RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

1610 MOBILE & OHIO RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

ALABAMA GREAT SOUTHERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

ALABAMA & VICKSBURG RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

LOUISVILLE & NASHVILLE RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

(Signed) HUNTER C. LEAKE, *Surety.* [SEAL.]

Signed, sealed and delivered, taken and acknowledged before me, and approved by me this 30th day of November 1906, at 2:24 P. M. o'clock.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

1611 *Assignment of Errors.*

Filed November 30, 1906.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Assignment of Errors.

And now on this 30th day of November in the year of our Lord, nineteen hundred and six, in the city of New Orleans, state of Louisiana, came the defendants in the above entitled cause viz: The Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile and Ohio Railroad Company, the New Orleans and Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville and Nashville Railroad Company by Ed Baxter, their solicitor, and say that in the decree rendered by said Circuit Court in the above entitled cause on the twenty-sixth day of November 1906, and in the record and proceedings in said cause in said Court, there is manifest error, as set forth in this their assignment of errors, which is filed simultaneously with their petition for appeal.

First.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing "That the order made by the
1612 Interstate Commerce Commission and drawn into question in this cause, be in all things affirmed and made the order of said Court," said order of said Commission being "That the advance of two (2¢) cents per hundred pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates pre-

viously in effect for the transportation of lumber in car loads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio river, commonly called and known as Ohio river points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable and unjust, and in violation of the provisions of the act to regulate commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable and unjust, and in violation of the provisions of the act to regulate commerce;" because said advance in rates, as well as the rates and charges resulting from said advance are not excessive, unreasonable or unjust, nor are they in violation of any of the provisions of the act to regulate commerce or of the amendments thereto.

Second.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing "that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience to said order, and from maintaining or enforcing an advance of two cents per one hundred pounds established by the defendant, the Louisville and Nashville Railroad Company on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines
1613 in the state of Louisiana east of the Mississippi river and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river commonly called and known as Ohio river crossings, and from further charging for the transportation of lumber as aforesaid the rates resulting from said advance;" because no ground was shown either in the pleadings or in the proof to justify the issuance of an injunction enjoining said respondents jointly and severally, to discontinue or to desist from maintaining or enforcing the said advance in rates made effective by the defendants on the dates aforesaid, to shipments of lumber in car loads from points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to said points on the Ohio river.

Third.

The United States Circuit Court for the Eastern District of Louisiana erred in decreeing that the costs of the suit be taxed against and be paid by the defendants; because said costs should have been awarded against the complainant.

Fourth.

The United States Circuit Court for the Eastern District of Louisiana erred in decreeing in effect that said advance of two cents per hundred pounds in the rates on lumber in car loads charged by the

defendants from shipping points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to the said points on the Ohio river, made effective on June 22, 1903, and April 15, 1903, was made under circumstances and conditions which eliminated all competition between defendants, whereas the exact reverse is the truth of the case.

Fifth.

The Circuit Court of the United States for the Eastern District of Louisiana erred in not dismissing said bill of complaint; because, the Court exercised the legislative function of making a rate; con-
1614 trary to the provisions of the Constitution of the United States which provides that legislative, executive and judicial functions shall be kept separate.

Sixth.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing, in effect, that the advance of 2 cents per 100 pounds established by the defendant, the Louisville and Nashville Railroad Company June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river, commonly called and known as Ohio river points, is excessive, unreasonable and unjust; because, the charges made on shipments of lumber from points in Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river, when shipments are destined to points north of said River, are mere division of through rates, the justness of which neither the Interstate Commerce Commission nor the Circuit Court has any jurisdiction to determine.

Seventh.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing that injunction issue enjoining said defendants from maintaining or enforcing said advance, in so far as it applied to points basing on Ohio river destinations; because, the Interstate Commerce Commission only found that said advance in rates, made effective on June 22, 1903 and April 15, 1903, from different points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to Ohio river crossings was unreasonable and unjust, and it did not find that the rates from
1615 said shipping points to points basing on Ohio River crossings were either unreasonable or unjust; nor was there any evidence before either the Commission or the Court that would have justified such finding.

Wherefore, the above named defendants in the above entitled cause, viz: the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the

Mobile & Ohio Railroad Company, the New Orleans and Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama and Vicksburg Railway Company and the Louisville and Nashville Railroad Company, pray that said decree of said Circuit Court of the United States for the Eastern District of Louisiana rendered in the above entitled cause on the twenty sixth day of November 1906, be reversed, and that said Circuit Court be ordered to enter a decree dismissing the original bill filed in the above entitled cause in said Court by the said Interstate Commerce Commission against said defendants.

(Signed) ED. BAXTER,
Solicitor for the Above-named Defendants and Appellants.

This 30th day of November, 1906.

1616 *Citation of Appeal.*

Filed Nov. 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Citation of Appeal.

To the Interstate Commerce Commission:

You are hereby cited and admonished to be and appear at the Court room of the Supreme Court of the United States at Washington, D. C., on the 30th day of December 1906 pursuant to an appeal allowed and granted by the Circuit Court of the United States for the Eastern District of Louisiana in the case of the Interstate Commerce Commission as Appellee, and the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Com-

pany and the Louisville & Nashville Railroad Company, as appellants, to show cause, if any there be, why the decree of said Circuit Court of the United States for the Eastern District of Lou-
1617 isiana rendered on the 26th day of November, 1906, should not be corrected and speedy justice should not be done to the parties on that behalf.

Witness the Honorable Melville W. Fuller, Chief Justice of the United States, this 30th day of November in the year of our Lord, 1906.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

Service of within citation acknowledged by me this 30th day of November, A. D. 1906.

(Signed) RUFUS E. FOSTER,
Ass't U. S. Att'y.

1618 *Order Extending Time for Return of Appeal.*

U. S. Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

On motion of Baxter, Andrews and Anderson, Counsel for the Defendants and Appellants in the above entitled and numbered cause and upon suggesting to the Court that an Appeal from the Decree in this cause was taken by the said defendants on November 30th, 1906, returnable in the Supreme Court of the United States on December 30th, 1906; and upon further suggesting to the Court that the record in this cause is voluminous, consisting of a large quantity of documents and other papers, as shown by the certificate of the Clerk annexed, and that it will be impossible for the Clerk of this Court to complete the Transcript of Appeal within time to be filed upon the return day of the Appeal herein, to-wit: December 30, 1906, and that an extension of time is necessary within which to complete said Transcript of Appeal:

It is ordered by the Court that an extension of thirty days from and beyond the return of the Appeal herein, to-wit: December 30th, 1906, be allowed the Appellants herein within which to have completed and filed the said Transcript of Appeal, in accordance with Rule 9 of the Supreme Court of the United States.

New Orleans, Louisiana, December 15th, A. D. 1906.

(Signed) CHARLES PARLANGE,
United States Judge.

1619 UNITED STATES OF AMERICA:

Circuit Court of the United States, Fifth Circuit, and Eastern District of Louisiana.

CLERK'S OFFICE.

I, Henry J. Carter, Clerk of the Circuit Court of the United States, for the Fifth Circuit and Eastern District of Louisiana, do hereby certify that the foregoing 1618 pages contain and form a full, complete, true and perfect transcript of the Record and Proceedings had, and Assignment of Errors and Appeal papers, together with the evidence adduced on the trial of the case of The Interstate Commerce Commission *versus* The Illinois Central Railroad Company, The Gulf and Ship Island Railroad Company, The Southern Railway Company, The Mobile and Ohio Railroad Company, The New Orleans and Northeastern Railroad Company, The Alabama Great Southern Railroad Company, The Cincinnati, New Orleans and Texas Pacific Railway Co., The Alabama and Vicksburg Railway Company, The Louisville and Nashville Railroad Company, No. 13346 of the Docket of the said Court, and the evidence covered by stipulation and statements copied in the Transcript.

Witness my hand and the seal of said Court, at the City of New Orleans, this 24 day of January, A. D. 1907.

[Seal Circuit Court for the 5th Circuit, Eastern District of La.]

H. J. CARTER, *Clerk.*

I, Charles Parlange, United States Judge for the Eastern District of Louisiana, do certify that Henry J. Carter, whose name is signed to the above certificate as Clerk of the Circuit Court of the United States for the Fifth Circuit and Eastern District of Louisiana, was, at the time of signing said certificate, and is now the Clerk of said Court. That said certificate is in due form of law, and that full faith and credit are due to his official attestations as such Clerk.

Given under my hand, at the City of New Orleans, in said District, this 24 day of January, A. D. 1907.

CHARLES PARLANGE, *Judge.*

Endorsed on cover: File No. 20,553. E. Louisiana C. C. U. S. Term No. 588. Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Southern Railway Company *et al.*, appellants, *vs.* The Interstate Commerce Commission. Filed January 29th, 1907. File No. 20,553.